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IN THIS ISSUE

■ NYC Goethals Bridge Challenges P3 Builders

For replacing the Goethals Bridge, the Port Authority of New York and New Jersey this month proposed an estimated $1-billion design-build (DB) contract loosely tied to a private financing that's intended to attract equity with a horizon of 20 to 30 years. Long-term capital repairs and other major maintenance also will be part of the private responsibility, although details remain to be worked out.

Getting enough bids is the Port Authority's greatest challenge, says a New York City construction manager. There are few companies in the world with balance sheets big enough to take on Goethals and even fewer that he predicts will be willing to attempt such a risky project under a fixed-price contract in New York City.

Design-build teams forming now, contractor sources say, include Kiewit-Flatiron-Parsons, with Hochtief and Macquarie as concessionaire. Also lining up partners are Skanska; Dragados-Schiavone; Tudor Saliba; Global Via; and OHL. Not mentioned is the top toll road concession developer in the U.S., Ferrovial/Cintra, which generally has shied away from availability pay projects and prefers to source financing and construction itself.

The bifurcated DBM and F structure adopted by the Port Authority will help it to attract design-build bids, says a P3 analyst. "The bridge builders will be paid milestone payments and exit the project long before the finance company," he says.

Responses to the Port Authority's Request for Information (RFI) this month are due June 11. An RFQ would be issued in August and a shortlist would be set in November. Finalists would get an RFP a few months later and post responses in the third quarter of 2011. A best-value offer would be selected by year-end 2011 and the design-build team would start the five-year construction effort in 2012.

The record of decision on the Goethals Bridge EIS is expected in October from the Federal Highway Administration. It will define the silhouette of the proposed bridge that the private design teams will have to work within.

A key consideration is the need to provide a 135-ft clearance over the Kill Van Kull navigation channel to accommodate post-Panamax tankers and yet still meet a 272-ft height limit on the bridge's towers, which are in the flight path to Newark Airport. To fit into that tight envelope, the conceptual drawings by HNTB and Figg Bridge show a relatively squat cable-stayed bridge with decks three times the width of the existing bridge. The Port will judge private design concepts for its first new bridge in decades partly on their aesthetic quality. So there is room for creativity.

Further, the conceptual design shows two parallel bridges with separate decks carrying three 12-ft travel lanes in each direction. The Port Authority is considering adding a 27-ft-wide deck in the middle to handle mass transit. Port Executive

Director Chris Ward says the deck could be a bid option. "You could have that as a segregatable, incremental cost on top of a bridge scenario," he says.

DBM/F CONTRACT STRUCTURE

The proposed deal carefully laid out in the Port Authority's RFI meets the agency's complex institutional and legal needs, largely determined by covenants on its consolidated bonds.

See the RFI at http://www.panynj.gov/business-opportunities/bid-proposal-advertisements.html).

But it doesn't offer a deal the private sector can accept at this point, say P3 experts contacted by PWF. The project laid out in the RFI "is novel and it's complex," says an observer. "There are a lot of moving pieces that people don't understand. It's going to take longer for the lawyers and bankers to get comfortable with it."

Specifically, the RFI states: "the Authority is working to develop a contractual approach that will function similarly to an availability payment-based concession model, given the Authority's existing bond resolutions, debt policy and accounting practices," and seeks comments from respondents. The RFI describes a potential two-fold, contractual relationship consisting of a DBM agreement spelling out the performance requirements and a Private Placement Financing Agreement, both between the Authority and the same private concessionaire.

From an accounting perspective, most government agencies now recognize the portion of availability payments related to capital investments as a form of on-balance sheet liability. The Authority's contemplated structure makes this explicit, with the Authority apparently characterizing availability payments as the payback of a private placement financing obligation with interest.

The financing obligation also would include the capitalized value of long-term maintenance responsibilities. Failure by the constructor to perform under the contract would lead to liquidated damages that could be set-off against the private placement repayment amounts (just as typical availability payments are subject to deductions for non-availability or default).

In using the Private Placement Financing Agreement approach, the Authority is seeking to clarify that the quasi-availability payments will not be paid out of operating funds and will be treated as a financing obligation of the agency.

Recent availability payment-based concessions include Florida's I-595 and Port of Miami Tunnel, as well as Denver's FasTracks and San Francisco's Presidio Parkway, along with numerous projects in the UK and Canada. However, unlike other domestic examples, because the Authority is a bi-state public revenue authority, its annual spending, both capital and operating, is not subject to appropriations risk. Also, the quasi-availability pay structure leaves all the traffic risk and toll collections and operations responsibility with the Port Authority.

P3 advisors have been working with the Authority to craft the deal for over a year. A $460,000 consulting contract was signed in March 2009 between consultant Halcrow Inc. and the Authority's Office of Transportation Funding & Financial Advisory Services.

Teamed with the British firm are HNTB, financial advisor Jeffrey A. Parker & Associates, and two law firms—Allen & Overy and Nixon Peabody. Neither of the law firms was engaged by the Authority, whose 100+-person law department structured the deal.

The expectation is that a more familiar contract structure will emerge from the industry feedback over the next three months, one that the Authority's legal department can get comfortable with.

Hopefully so. But the Authority has not been willing to buy off-the-shelf in the past. Moreover, the agency believes its proposed contract structure will become a national model that corrects flaws in earlier P3s.

The U.S. industry "has not . . . really demonstrated an ability to deliver on public-private partnerships," says Executive Director Ward. The Goethals Bridge is a signature project for the agency, he says, and one that he hopes will become the template for future projects around the country.

Benefits of P3 Project Delivery

Design-bid-build works well for many projects, but there are situations in which P3s can offer outcomes not available otherwise:

>Capture private sector innovation early in project development

>Accelerate project delivery

>Fix costs/completion date early in design phase

>Encourage lifecycle cost efficiencies and quality facility performance

>Shift risks and reduce claims that under DBB are public's responsibility

P3s can offer more upfront capital formation than muni revenue bonds:

>Tax-exempt bond market has more conservative debt-coverage ratios

>Investor classes are different, offering different risk appetites

>Private investors are willing to take more risk on toll revenues performance

>Tax-exempt borrowing rates available through $15-billion federal PABs program

>Accelerated depreciation creates significant value for private equity

Source: Geoffrey Yarema, Nossaman LLP

OPENING A SUB DEBT WINDOW

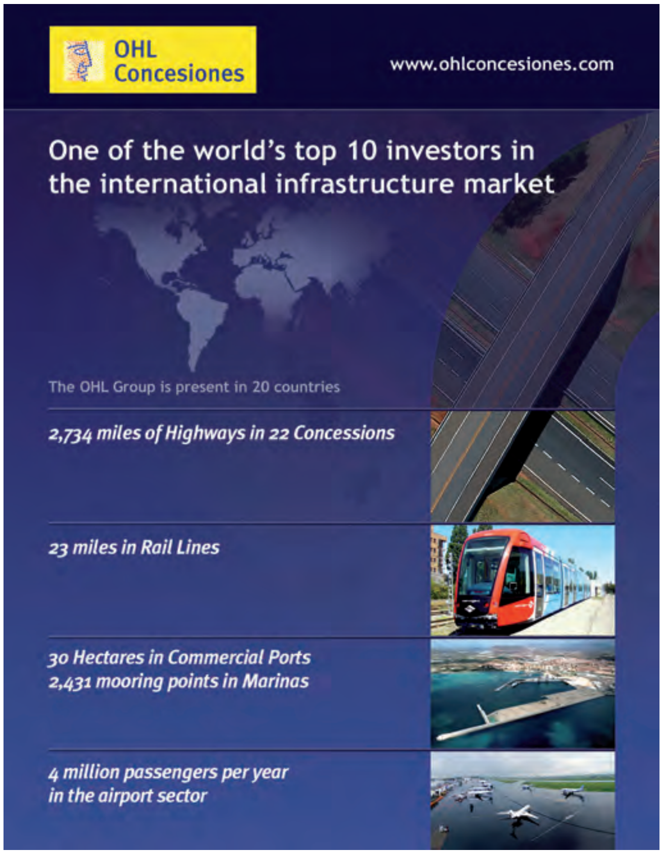
The Porth Authority has $25 billion in bonding capacity to fund its capital plan but all of that money has been committed, says Ward. "Clearly, if the Port Authority had the financial capacity to do this project we would do it the old-fashioned way," he says. It doesn't, so the Authority has devised a form of contract that allows it to pay for the Goethals replacement by pledging funds from the bottom of its cash-flow waterfall.

Those funds have been used in the past to support the Port Authority's variable-rate bonds, among other things. That market has shrunk considerably, however, so the Port Authority is seeking to open a new source of finance large enough to fund the Goethals Bridge contract.

"The question is can we really tap into capacity within the Port Authority which is not already being used?" says the Authority's CFO Paul Blanco.

Borrowing at the flow-through of Port Authority payments to the DBM/F company would be at a slight premium to the Authority's AA+ senior debt (6-6.5%), says Blanco, but much lower than the cost of a private project financing.

"Even though there may be a premium in the cost of



money, the private sector hopefully can design and build this bridge a little bit faster and perhaps cheaper than we can, so therefore, you have the offset on the financing cost," he says.

TIFIA UNCERTAINTY

Blanco says he assumes the DBM/F company would qualify for an allocation of tax-exempt Private Activity Bonds and TIFIA loans, together totaling about $500 million. The interest rate on PABs for an investment-grade credit currently runs about 7%. Federal TIFIA loans carry an interest rate of about 4 3/8%, which makes the U.S. Dept. of Transportation's lending window the lowest cost of capital in the market.

However, the TIFIA loan is not a sure bet, says a project finance banker. "The demand for TIFIA has gone off the charts," he says. "Everybody's applying for TIFIA loans in every situation." Innovation is no longer part of USDOT's evaluation criteria, he says.

The rush to the TIFIA window has alarmed the Office of Management and Budget and the Congressional Budget Office, the banker says. Worst case, he says: USDOT's loss of control of the loan program may result in its being shut down in the upcoming transportation reauthorization bill.

MAINTENANCE CONTROL

Maintenance is a potential problem, say two P3 advisors who have been following the procurement closely. There is concern that the RFI leaves control of routine bridge maintenance largely with the Authority. Yet, to show value for money, the Authority asks developers to price life-cycle risk in their fixed-price bids. That involves a big bet on major repairs and replacement over 30 years or more. The bridge handles about 14.2 million car and truck trips a year between Staten Island and New Jersey.

The RFI leaves open a number of operation and maintenance issues for discussion, including private snow removal and ice control. At this point, the Authority seems reluctant to give up much control, however.

Ward says the Authority decided against a long-term concession partly due to the strong opposition it would draw from the Authority's unionized maintenance workers. Another concern, he says, is that a private concession might be financed off the savings derived from short-changing maintenance.

The long-term maintenance component probably won't drive the deal. Rather, the Authority is seeking innovation on the design-build side that will reduce maintenance costs long term. The Authority has expertise in-house and has hired HNTB to help evaluate those cost tradeoffs.

Ward says the question will be settled in negotiations. "One of the key questions," he says, "is how much are we willing to pay for and how much is the private sector willing to warranty? That's the shared-risk contract negotiation we want to enter into."

A NEW DEAL

In the U.S., P3s must be tailored to the specifics of each public owner. The technical challenges of building a major New York City bridge in the flight path of Newark Airport, among other things, are considerable. There are only a few builders in the world who are likely to want to take on that challenge. Crafting the business terms and financial structure to fit the Authority's legal needs will test the best lawyers and bankers.

Nevertheless, an experienced P3 advisor thinks the world's top infrastructure developers will rise to the occasion. "The industry will be challenged but not so much that they throw their hands up and walk away," he says. "This is a project of national significance. Having one of the premier public works agencies in the U.S. do a transaction of this nature would be a big step forward for the industry."

■ Distressed Debt Investing

Deeply troubled local governments in Colorado, Illinois, Michigan, Ohio, Oregon, Rhode Island and South Carolina are most at risk of default on infrastructure bonds according to an analysis by Allen & Overy, which predicts a rash of distressed asset sales this year and next.

The author of the report, David Horner, says he has identified 15 situations that are ripe for distressed-debt investing. He expects there are many more that are under the radar now but will become apparent soon.

Transactions would be similar to the Northwest Parkway near Denver and the Pocahontas Parkway in Richmond, where the private sector was awarded a long-term concession in exchange for defeasing bonds that were about to default.

"There are a lot projects that were built in anticipation of commercial growth on the exurban peripheries of American municipalities, which growth hasn't occurred and won't for years to come," says Horner.

Public and privately financed roads, water systems, ports and other user-fee-supported projects have fared equally badly in the recession, he says. Because the level of distress is so high, he says, valuations are low and getting lower, creating a buyers' market. "This may be the first opportunity to make money in brownfields," he says.

In determining price, he says, "You have to ask bondholders whether they're willing to go down with the ship. That's the question."

■ Doyle Drive P3 Deadline Looms

A divided California Transportation Commission (CTC) narrowly approved the reconstruction of Doyle Drive to go forward as a public-private partnership in May. The challenge now for the three finalists for the state's first modern P3 is to submit final proposals by Aug. 5 and sign a contract in December, before Gov. Arnold Schwarzenegger leaves office.

The CTC's critical role in the P3 process is now over, unless the project changes significantly, which is unlikely. Considerable challenges remain, however, including convincing state lawmakers to appropriate money for the annual availability payments, and defending against lawsuits. One of the prequalified developers says he expects the Professional Engineers in California Government to try to stop the project but that the union is not seen as a serious threat.

A draft request for proposals for a 33-year DBFOM agreement was released May 26 by the California Department of Transportation (Caltrans) and the San Francisco County Transportation Authority (SFCTA). Meetings with the three shortlisted teams will be held during June to refine the RFP.

Equity members are ACS Infrastructure Development, Global Via Infraestructuras, and a partnership of Hochtief PPP Solutions North America and Meridiam Infrastructure North America.

The 1.6-mile reconstruction project, to be renamed the Presidio Parkway, is the southern approach to the Golden Gate Bridge in San Francisco. Nearly $1 billion in federal, state and local funds have been identified to pay for the project, which has been split into two roughly equal phases. An analysis conducted for the SFCTA showed a DBFOM contract would provide greater value for money than a design-bid-build project (PWF 1/10, p.1).

The CTC held two votes on May 20. The first vote, to reject the CTC staff's recommendation against the availability pay contract, passed 6-5. The second vote, to adopt a resolution authorizing the project as P3, passed 8-3. The resolution caps the first availability payment in 2014 at $35.5 million.

"We were comfortable enough in our business case that we could accept that limit," Jose Luis Moscovich, executive director of the SFCTA, told a meeting of the state's P3 advisory commission May 25.

The procurement timeline could be delayed by the state budget process. The fiscal year ends June 30, but a new budget appears unlikely to be approved by that date.

"We do in fact need to have an appropriation before we make a final commitment to this deal," Caltrans P3 manager Kome Ajise told the advisory commission.

Budget subcommittees in both the Senate and Assembly voted in May against approving Gov. Schwarzenegger's request to appropriate $3.45 billion in future funds to cover availability payments for the Presidio Parkway and other projects. Both subcommittees also approved budget language that gives Caltrans $4.5 million for analyzing P3 projects, but restricts the money to those projects using tolls, not availability payments.

The Administration is now working with the legislature to resolve the issue and to come up with an appropriation or language in this year's budget bill that would at least cover the first availability payment for the Presidio Parkway in 2014, thereby showing lawmakers' intent to support the project with appropriations in future years.

■ North Tarrant Extension Awaits TIFIA

Cintra and Meridiam say they are ready to tackle the next stage of the North Tarrant Express, delivering a proposal to the Texas Department of Transportation (TxDOT) in May to add 10 miles of managed lanes to Interstate 35W through a 52-year DBFOM concession. The team is also proposing to reconstruct the interchange at I-35W and I-820. The offer is conditioned on getting a federal allocation of Private Activity Bonds (PABs) and USDOT approval of a TIFIA loan.

The capital cost is estimated at $1.2 billion, with a maximum public subsidy of $278.5 million. The total value of the proposal, including operations and maintenance of tolled and non-tolled lanes, is pegged at $2.7 billion.

The partners are already building the first 13 miles of the North Tarrant Express, a $2-billion project, under a comprehensive development agreement (CDA) that reached financial close in December (PWF 12/10, p. 18). The team is also charged with developing a master plan to build out the entire 36-mile network near Fort Worth, with minimal or no public contribution, under a separate CDA.

TxDOT staff will now work with the team to evaluate the proposal and develop a facility implementation plan that could be presented to the Texas Transportation Commission in August or September. If the project is a go, negotiations would begin for a CDA and possible conditional approval before the end of the year.

An executive summary of the proposal says that design innovations will make this section of highway—one of the most congested corridors in the state—operate more efficiently, therefore increasing capacity and revenue. As a result, less public money will be needed than previously anticipated.

“The significance of this aspect of P3 projects cannot be overstated,” the summary says. “Revenue-generating transportation projects produce the most efficient design possible (i.e. designed to carry the most traffic for the least cost).”

Project details:

- Two managed lanes in each direction will be added to I-35 West both north and south of I-820, for a total of 10.2 miles. Existing general-purpose lanes and frontage roads will also be rebuilt and improved. The team will operate and maintain both tolled and non-tolled lanes during the concession term.

- Two options are given for rebuilding the interchange at I-35W and I-820. If the private partners rebuild the entire interchange, public funding of $287.5 million will be required. If the team builds only the managed lanes portion of the interchange (with TxDOT building the non-tolled components at some point) public funds needed would be $173.8 million.

- The managed lanes will end two miles farther south than in the project’s original configuration. This will improve traffic flow in and out of Fort Worth and reduce congestion.

- The project will open to traffic no later than June 30, 2017.

Bob Brown, CDA manager for TxDOT in the Dallas-Forth Worth area, told commissioners the plan makes a number of assumptions and conditions, including the use of a federal TIFIA loan and private activity bonds, “which hopefully will be available as this moves forward.”

The first two segments of the North Tarrant Express were financed with TIFIA, private activity bonds, $573 million in public funds, and equity from three partners—Cintra, Meridiam and the Dallas Police and Fire Pension System.

These three partners are also the concessionaires for the $3-billion LBJ managed-lanes project in Dallas, which is expected to reach financial close in June.

The entity behind the new proposal for the North Tarrant Express includes only Cintra and Meridiam for now, but the pension system has an option to join the team with a stake of up to 10% of equity.

■ Michigan Key To DRIC Bridge Puzzle

Michigan lawmakers appeared unlikelyto reach an agreement by their self-imposed deadline of June 1 over whether to build a new bridge to Canada through a public-private partnership. Most Democrats, automakers, many unions and business groups support a new publicly controlled bridge about 2 miles downriver from the privately owned Ambassador Bridge. Republicans—along with Ambassador Bridge owner Manuel "Matty" Moroun—remain steadfastly opposed to public funding of a new bridge despite an offer from Canada to fund most of Michigan's share.

Anticipating passage of the enabling legislation, Michigan DOT (MDOT) issued what it called a Request for Proposal of Interest in January. The 20 companies or teams that responded disagreed on the best financing model. Given the uncertain traffic and revenue estimates and the desire of all governments involved to avoid another privately tolled crossing of the Niagara River, a P3 advisor predicts the project will end up being done under a design-build contract with public funding.

A bill authorizing P3s, which would include the new Detroit River International Crossing, barely passed the Democrat-controlled House May 26 by a vote of 56-51. All Republicans voted against the bill, HB 4961, along with nine Democrats. The legislation now goes to the Republican-controlled Senate, where the transportation committee has scheduled a hearing for June 1. Lawmakers are scheduled to break for the summer after June 30.

The House vote was that close despite the apparent resolution of how to pay for infrastructure needed on the U.S. side. The Canadian government said in late April it will invest $550 million as equity to cover Michigan's costs and recoup the money from toll revenue.

Canada "is not lending money to anyone," but with the offer, "would be assuming greater equity in the project," a federal government spokesman said.

The Canadian offer would cover Michigan's obligations to pay for the U.S. customs plaza (roughly $110 million) and the new interchange between the plaza and highway I-75 (roughly $420 million).

Michigan would still maintain equal rights with Canada in the governance of the project. It has not been made public how net toll revenue from the bridge would be split between private investors and the Canadian government.

Canada is running a separate but related P3 project, the Cdn $1.6-billion Windsor-Essex Parkway linking Ontario's Highway 401 on the outskirts of Windsor to the Canadian customs plaza at the foot of the proposed new bridge.

■ Denver Eagle Rail P3 Award Soon

Denver's Regional Transportation District (RTD) is on track to select a winning team in June for the Eagle P3 project. The two competitors submitted the final details of their DBFOM proposals in May. The RTD's board of directors is scheduled to hear the staff recommendations June 15 and then vote on awarding a contract.

The two teams made public presentations in May of the non-financial parts of proposals to build two commuter rail lines from downtown to Denver International Airport and to Arvada. The P3 project also includes a short starter segment on a third line and a commuter rail maintenance facility. The cost is pegged at about $2.3 billion, including an estimated $900 million in private financing.

Fluor and Macquarie lead the Denver Transit Partners team as equity members. The design-build contractor is Fluor and Balfour Beatty Rail Inc. (BBRI). The O&M contractor is Flour, BBRI, and ACI. The rolling stock provider is Hyundai Rotem USA.

The three concession partners of Mountain-Air Transit Partners are HSBC Infrastructure, Siemens Financial Services and Veolia Transportation. The design-build joint venture is Kiewit, Herzog, and Stacy and Witbeck. Siemens will provide the rolling stock and Veolia the operations and maintenance.

■ Ports Deals Revive As Trade Ticks Up

Global trade appears to be rebounding from the economic crash that caused severe losses for maritime shippers in the past two years. World trade by all transportation modes is expected to grow 8.5% in 2010 and another 7.8% in 2011, according to an April forecast by IHS Global Insight.

One result of that uptick is that new or renewed efforts are being launched to attract long-term private partners willing to invest in new port facilities. Among them are:

Portland: The only publicly operated container terminal on the West Coast will be leased for 25 years to Philippines-based International Container Terminal Services Inc. (ICTSI) in an effort to boost cargo volume. The port had previously pursued a concession of 50 years or more, but suspended that effort after receiving only one non-conforming bid in 2008.

ICTSI will pay the port $8 million upfront plus annual rent of $4.5 million, adjusted to CPI. Port commissioners approved the agreement May 12. This will be ICTSI's first terminal operation in the U.S., so it will submit an application to the Committee on Foreign Investment in the U.S. Joseph Seliga with Mayer Brown, is advising the port.

Philadelphia: Pennsylvania is restarting its search for a private concession partner to build the Southport container terminal, estimated at about $500 million, on the site of a former U.S. Navy shipyard. KPMG LLC is leading the procurement process, replacing AECOM Enterprises. The bidding timeline is also being streamlined: After a shortlist is named in July, one-on-one meetings will be held with proposers to refine proposal concepts and negotiate a concession agreement. The schedule calls for selecting a preferred bidder in September and signing the agreement in November.

The state has dedicated up to $25 million to accelerate the development process with environmental studies and

other work. Additional land has been made available, making the total potential footprint 239 acres. A federal judge ruled that dredging of the Delaware River—to deepen 102 miles from 40 to 45 feet—could begin on one part of the river, but the dredging project faces more legal challenges.

Galveston: The port is looking to sign a master lease of at least 50 years with a concessionaire for all port assets—with the exception of the cruise business. A request for qualifications is likely in June, with the goal of executing an agreement by the end of the year. Bank of Montreal Capital Markets has been hired to lead the search.

The biggest opportunity could be a new container terminal, being jointly studied by the Galveston port and the Port of Houston Authority, on Pelican Island. Both ports own land on the island. The ports are hoping that the expansion of the Panama Canal, to be completed in 2014, will bring more business to the Gulf Coast.

Corpus Christi: The port is still working with Zachry American Infrastructure on putting together a P3 deal to develop a new terminal, says port executive director John LaRue. A memorandum of understanding was signed in December 2008. Since then, however, plans for La Quinta Trade Gateway have changed. Chinese manufacturer

Tianjin Pipe (TPCO) expects to break ground this year on a $1-billion steel pipe factory adjacent to the port, so the new facility will be multi-use rather than for containers only.

"Without the TPCO piece it would be very difficult to do right now," LaRue says. "There's a lot of excess capacity in container terminals right now." He says a decision needs to be made within 9 to 12 months on whether to proceed with the terminal.

■ Virginia Route 460 Scope Cutting

Virginia's new effort to build U.S. 460 through a public-private partnership still doesn't include any public money, but aims to reduce costs of the 55-mile highway by relaxing engineering standards. The state will also support innovative ideas to increase truck traffic, and other schemes for boosting revenue along the route.

One option to be explored is whether trucks traveling to and from the state-owned and operated Port of Virginia could receive a subsidy for using the new road, says Virginia transportation secretary Sean Connaughton.

Conceptual proposals are due Aug. 5. The state's previous solicitation, which drew three responses in 2006, was terminated May 3. That process had been on hold because proposers didn't think the project was feasible without public money (PWF 4/09, p.10).

A federal record of decision was granted in 2008 for a four-lane highway to connect Suffolk, near the port in Hampton Roads, with I-295 near Petersburg, south of the existing U.S. 460, which would remain a free alternative.

Because the highway is needed for hurricane evacuations and for connecting with the area's military facilities, Gov. Bob McDonnell will consider speeding up the process by waiving certain mandates and regulations as part of an emergency preparedness plan. The highway would also not have to be built to federal or state standards.

"They can essentially build it to commercial standards, as long as it is able to support the type of traffic we anticipate," Connaughton says. "That will greatly reduce the price."

Teams may also propose to develop the project in phases, with an initial scope of two lanes and interchanges at each end of the highway only. Virginia DOT (VDOT) also offered a similar reduction in scope to the three teams shortlisted previously. Those teams were led by Cintra, Itinere, and a partnership of Skanska and Macquarie. Spain-based Itinere is no longer active in the U.S.

One big concern of the previous teams was the lack of a stipend to help cover the hefty costs of developing detailed proposals. Connaughton says right now there is no money for a stipend, but that's something to look at as the process goes along and if the state receives viable conceptual proposals.

In other Virginia news:

Midtown Tunnel: Negotiations on a comprehensive agreement could begin this summer, following the state's confirmation determination that the $2 2-billion project is feasible and costs appear reasonable at this stage. The interim agreement with Elizabeth River Crossings (ERC)—a partnership of Skanska and Macquarie—now advances to stage 2 so that costs and financing can be further refined, and negotiations can begin. The project includes adding a new two-lane tube to the Midtown Tunnel between Portsmouth and Norfolk, Va., extending the adjoining Martin Luther King Freeway, and upgrading both the existing Midtown and Downtown Tunnels underneath the Elizabeth River (PWF 1/10, p. 5). Neither tunnel is tolled now.

The state has set a goal of $1.50 for the toll, which is about half of the peak-hour rate in the base case developed by ERC. That base case assumes no public subsidy, tolling on existing tunnels during construction, a post-tax equity IRR of 14%, a financing package with both a federal TIFIA loan and private activity bonds, and a 50-year concession term. Including a public subsidy for operations and maintenance, and eliminating uncertainties, would bring down the toll rate some. The team will continue looking for additional options for reducing tolls.

HOT lanes: A possible extension of the I-495 Capital Beltway HOT lanes is in the very early planning stages. The nearly $2-billion project now under construction will widen the highway by four lanes for 14 miles; the four inner lanes will charge variable tolls. Concession partners Transurban and Fluor signed an 80-year agreement with Virginia in 2007 (PWF 12/07, p. 1). Extending one lane in each direction for another 1.6 miles, nearly to the border of Maryland, could improve traffic flow in the crowded Tysons Corner area by reducing the number of cars weaving back and forth between the tolled and non-tolled lanes, says Transurban spokesperson Jennifer Aument. Ideally, the short extension could open at the same time as the rest of the project in December 2012. The team anticipates building the extension without any public money, but obtaining a federal TIFIA loan will be critical, Aument says.

P3 reorganization: An audit of the state's public-private procurement practices by KPMG recommends establishing a separate, multi-modal P3 office headed by one person who will report directly to the VDOT commissioner and state secretary of transportation. The audit also recommends developing a process for screening and prioritizing P3 projects, and focusing on soliciting proposals from the private sector. The administration believes the current program needs to be streamlined and re-invigorated. Changes will occur this summer.

■ Quals In For Georgia Managed Lanes

Georgia's effort to convince the private sector that it finally has a viable P3 program may be paying off: Three foreign-led DBFOM teams this month signed up to compete for a 29-mile managed-lanes toll concession in the Atlanta area.

The Georgia Department of Transportation (GDOT) is aiming for a mid-2011 financial close on both the DBFOM concession and on a pre-development agreement for work that could lead to a concession for additional managed lanes (PWF 2/10, p. 11). The total cost of both projects is more than $2 billion.

GDOT has said it has $350 million to contribute for right-of-way and/or availability payments to supplement toll revenues, but is looking to find a private partner who will require the least amount of subsidy.

Georgia's West by Northwest Project has two parts. The winning team will design, build, finance, operate and maintain 29 miles of reversible managed toll lanes with variable pricing on I-75 and I-575. The team will also conduct pre-development activities to add 27 miles of managed lanes to the I-285 perimeter highway west of Atlanta and to a small portion of I-20W.

The three teams that submitted qualifications in May are:

- West by Northwest Development Partners, which is led by French-owned Vinci Concessions and Spain's OHL Concesiones, working together as equity partners for the first time, with engineering by Parsons Transportation Group. Builders are Archer Western Contractors, OHL USA, and Vinci's Hubbard Construction Company.

- Georgia Mobility Partners, which is sponsored by Cintra Infraestructuras, Meridiam Infrastructure North America, and Grupo Soares da Costa, with design by AECOM Technical Services. Builders will be Ferrovial Agroman and Prince Contracting, a U.S. subsidiary of Soares da Costa, a Portuguese construction and concession company.

- Northwest Atlanta Development Group, which is led by ACS Infrastructure Development, with PBS&J as designer. Builders are Dragados USA and Georgia road-builder C.W. Matthews.

Although the state's rocky road to P3 success could have deterred some potential bidders, others see the learning experience as a plus.

Roberto Hombrados, OHL Concesiones development director for North America, says working with a state that has learned from past mistakes has advantages over dealing with a state pursuing P3s for the very first time.

GDOT Commissioner Vance Smith, who took over the department one year ago, is very committed, he says. "I think at this time Georgia is quite reliable," Hombrados says.

Another key state employee, P3 program director and former GDOT treasurer Earl Mahfuz, retired in April 1. He has joined Wilbur Smith Associates as assistant director of public-private initiatives. A replacement at GDOT has not been named.

■ Muni Tax Receipts Rebound Strongly

A recovery in state/local tax revenue that began in the fourth quarter of 2009 is accelerating, say two Janney Montgomery Scott water industry analysts. Their data suggest a strong rebound in municipal spending that will be both faster and larger than most forecasters are predicting now.

"What a lot of people forget is that the top line is as important for municipalities as it is for companies," says Ryan M. Connors, who, with Christopher J. Purtill, authored the report. "A lot of bottom-line problems go away when revenues return."

Top line growth is likely to come from income and sales taxes, which represent 45% of total state/local tax receipts and have been hard hit in the downturn. With property taxes (36% of the total) remaining strong due to their substantial lag vs. real estate prices, Connors believes that recovering income/sales taxes could bring total state/local tax receipts back to peak levels as early as the first quarter of 2011.

Connors points to data released last month by the U.S. Census Bureau, that show state and local tax receipts increased 0.5% in the fourth quarter of 2009. This was the first year-over-year increase since mid-2008 indicating that an important inflection point has been reached, he says.

Property taxes (which lag trends in underlying real estate prices by 5-7 years) are likely to continue their upward trajectory for years, he believes. And both individual income taxes and sales taxes are primed to rebound as unemployment gradually trends lower and consumption ticks up.

Municipal GO-funded systems represent roughly 50% of the municipal water utility market, with direct ratepayer-funded "Enterprise Account" systems comprising the other half. Ratepayer-funded systems have accelerated water-rate increases during the downturn and are "far more resilient than" general fund systems, says Connors.

Regulatory creep and consent decrees have continued during the recession, feeding the demand for capital spending to upgrade systems, he says. "The pent-up demand for capital improvements is going to define this business for years to come," he says.

■ Rialto, Calif. Water Concession

Proposals are due June 18 from three finalists for a long-term concession or management contract for Rialto, Calif.'s water and wastewater systems. The city's goal is to raise funds to repair and upgrade its infrastructure, parts of which are over 100 years old, says Amad Ansari, public works director.

Finalists are: The West Valley Water District, which serves almost two thirds of Rialto's water customers; American Water; and PERC/California Water. Not short-listed were Veolia, which operates the city's wastewater system, and United Water.

The city-owned water system serves about 12,000 connections in a population of 40,000 in the center of the city. The wastewater collection and treatment system serves a population over 100,000, including parts of two neighboring systems.

Advising the city is R.W. Beck, which is doing a valuation and rate analysis now in preparation for negotiations over a concession agreement. Legal advisor is Fulbright & Jaworski.

. . . European News

TRANSPORTATION

■ 39% Equity for Catalonia Road

Spain's Catalonia regional government and a consortium led by Iridium Concesiones de Infraestructuras, S.A. have financially closed the Euro 408-million (US$536.5 million) L'Eix Diagonal highway concession. To secure debt financing from an international syndicate of eight banks, the consortium agreed to raise its equity contribution from 12% to 39%.

The 67-km shadow toll highway, with a construction value of Euro 325 million (US$409 million), will link Manresa and Vilanova i la Geltrú, south of Barcelona. It includes 35-km of new two- and four-lane stretches plus upgrades. Fourteen tunnels, the longest at 1.6 km, and 16 viaducts must be built.

The 33-year concession was won by Eix Diagonal Concessionaria de la Generalitat de Catalunya, S.A., which is 70% owned by Iridium directly and the rest by its local subsidiary CAT Desenvolupement de Concessions Catalanes, S.L.

On top of its Euro 160-million (US$204 million) equity, the consortium secured nearly Euro 249 million (US$316 million) loans priced at 275 bp above Euribor. . The banks' traffic adviser was Steer Davies Gleave and Spain's ETT advised the consortium.

Lenders include Banco Santander, La Caixa and Germany's WestLB, each providing Euro 42.42 million (US$53.87 million). Banesto is contributing Euro 40.66 million (US$51.5 million); Dexia Sabadell Euro 27.92 million (US$35.4 million) and France's Société Générale Euro 25 million (US$31.7 million). Portugal's Banco Espirito Santo is in for Euro 22.33 million (US$28.35 million) and its subsidiary BES Investment for Euro 5.58 million (US$7 million).

■ Portugal Finances High-Speed Rail

Even in the face of Portugal's public debt crisis, the country's 40-year concession for its 167-km Porçerao-Caia high speed railroad reached financial close this month. The Elos Ligaçoes de Alta Velocidad concessionaire raised Euro 213.75 million (US$265 million) towards the Euro 1.65-billion (US$2 billion) project cost, which is heavily supported by European Union institutions.

Elos secured Euro 91.7 million (US$113.7 million) of 27-year commercial debt from five banks on May 8. The deal was done despite the late withdrawal from the syndicate by Portugal's Banco Portugués de Investment.

The Euribor-based loan includes a fixed-rate swap mechanism over the initial five years. The lenders are Portugal's state Caixa Geral de Depositos, Banco Comercial Portugués Millenium (BCP), Banco Espirito Santo, Banco Santander and BNP Paribas. Caixa Geral and BCP were the consortium's financial advisors.

The consortium will contribute the remaining Euro 121.95 million (US$150.7 million) equity. Elos is owned by Brisa, Autoestradas de Portugal and Soares da Costa Concçessoes, each holding 16.3%. Spain's ACS-Iridium Concesiones de Infraestructuras, with its construction unit Dragados, owns 15.2%. Five local firms and Brazil's Odebrecht Group share the balance.

As part of the Euro 1.44-billion (US$1.8 billion) public contribution to the project, Portugal's high-speed rail authority (RAVE) secured a Euro 600-million (US$768 million), 34-year loan from the European Investment Bank. Of that, half was backed by a state guarantee and the other half by project revenues. The European Commission will contribute Euro 640.7 million (US$794.4 million) while Portugal's share is Euro 197 million (US$244 million).

Portugal's investment in its section of the Lisbon-Madrid line is politically controversial at a time when the government has stepped up austerity plans to reduce its deficit to 7.3% of GDP this year, from 9.4% in 2009. As well as postponing the new Euro 3.4-billion (US$4.3 billion) Lisbon airport, the government has shelved the Lisbon-Oporto high-speed rail line.

■ Portugal's Pinhal Road Financed

Portugal's highways agency Estradas de Portugal (EP) and the consortium of Mota Engil SGPS (60%) and Banco Espirito Santo (40%) in late April closed financing for a 30-year concession covering the 567-km Pinhal Interior highway. Banks provided Euro 800 million (US$1 billion) of debt, while the European Investment Bank put in a Euro 345-million (US$445 million) loan, guaranteed by EP.

Banks providing the loan include Portugal's state Caixa Geral de Depositos, Banco Espirito Santo, Banco Portugués de Investimento, Banif, and Spanish banks BBVA, La Caixa, Banco Popular, Caja Madrid and Banesto. Barclays is also part of the syndicate. Mota-BES will provide Euro 240 million (US$302 million) in equity. Ascendi will operate the highway.

■ Madrid's Radial Roads Reprieved

Accesos de Madrid, the troubled concessionaire of Madrid's R3 and R5 radial toll roads, has secured a 30-month extension for its Euro 600-million (US$756 million) debt, due to mature last March. The extension will give the concessionaire breathing room to renegotiate its contract with the national development ministry.

The concessionaire hopes to replace some of its bank debt with government loans. Banks, which are reportedly keen to exit the troubled concessions, include Deutsche Bank, Banco Santander, La Caixa and Caja Madrid.

The concession is owned by Abertis Infraestructuras (35%), Sacyr Vallehermoso (25.2%), Globalvia de Infraestructuras (20%) and ACS (19.8%). The 28-km R3 and 37-km R5 have failed to achieve expected revenues since opening to traffic in 2004.

■ U.K. Ponders Road Sales

Speculation is mounting in the U.K. over the new government's interest in selling roads and other infrastructure as it prepares to slash the national debt, expected to top £160 billion (US$179 billion) this year. Sales of the highways could raise £100 billion (US$143 billion), according to investment bank N.M. Rothschild, in an analysis reportedly circulated to lawmakers last year.

Former Prime Minister Gordon Brown identified the River Thames Dartford Bridge, near London, among candidates for sale, before losing this month's general election. The Conservative-Liberal Democrat coalition now in power has launched spending cuts to reduce debt and would be interested in raising large sums from asset sales.

In parallel, the Office of Fair Trading (OFT) has started a "stock take" of who owns and controls key infrastructure, including transportation, ports, airports, energy facilities and water systems. "There have been significant changes in ownership . . . over the past decade," notes Heather Clayton, Senior Director of OFT's Infrastructure Group. "We want to . . . assess how these developments might have affected competition and consumers."

■ London Nationalizes Tube Lines

Huge and complicated infrastructure franchises on the London Underground metro system finally came off the rails this month when the authorities bought out the remaining concessionaire. The city's Transport for London (TfL) had already taken over the other two 30-year contracts when their special purpose companies ran out of money in 2008.

TfL has agreed to pay the owners of the consortium Tube Lines £310 million (US$460 million) to terminate its contract to finance, upgrade and maintain one-third of the Underground system. The buy-out is due to close by the end of June. Tube Lines is two-thirds owned by Spain's Ferrovial Group and one-third by Bechtel Inc.

Under new arrangements, Ferrovial's U.K. services company, Amey, will manage and maintain the Underground's three lines, directed by London Underground Ltd. (LUL), TfL's operator. The lines are Jubilee, Northern and Piccadilly. Bechtel will support TfL during the project's transition back to public control, under an interim agreement.

Mayor Boris Johnson has been highly critical of the Underground's PPP. The contracts had been imposed on the city by the central government, despite fierce opposition from Johnson's predecessor Ken Livingstone.

Tube Lines and TfL, a mayoral agency, have fought an acrimonious battle over costs and financing work required during the second 7.5-year contractual period that was due to start this summer. The final decision by the contract's official arbiter put the cost at £4.46 billion (US$6.6 billion). That was some £400 million (US$600 million) more than TfL could raise. Last month, the arbiter instructed TfL to revise the scope of work to fit its budget.

TfL's Commissioner, Peter Hendy, says payments to Ferrovial and Bechtel will be phased. "During . . . the next 7.5 years, we will be cash positive . . . fairly early on and by the end of it would have saved some hundred of millions of pounds," he says. "We are not looking to cut anything out of Transport for London's budget or business plan as a consequence of this."

Hendy claims TfL can do all the required work within its budget, but implies the schedule will be extended. The project team will now be relieved of "huge legal costs and contractual costs and endless claims."

Tube Lines reached financial close in December 2002, followed the next April by the ill-fated Metronet. LUL's transaction fees in setting up the PPP totaled £445 million (US$665 million), excluding TfL's own spending, according to official statistics.

Legal and financial advisers alone cost over £50 million (US$74.5 million) in fees. TfL was paying the companies about £1 billion (US$1.5 billion) a year to work on the fixed infrastructure and trains.

■ EIB To Support Dublin Metro PPP

The European Investment Bank has agreed to lend the Irish

Republic's Railway Procurement Agency (RPA) up to Euro 500 million (US$627 million) towards the cost of Dublin's Metro North project, now the subject of a PPP bid. RPA is negotiating with Celtic Metro Group and MetroExpress, aiming to award a contract soon after it receives powers to start work, probably by this August.

The 19-km line from central Dublin to the airport and beyond is due to start operations in 2016. RPA has begun procuring contracts to divert utilities from the metro route.

Celtic Metro Group includes Barclays Private Equity, Obrascon Huarte Lain, Mitsui, Soares da Costa, Iridium Concesiones de Infraestructuras S.A., CAF and MTR. MetroExpress is owned by Macquarie Capital, Global Via Infraestructuras, Allied Irish Bank, Bombardier and Transdev RATP.

■ M6 Refinancing Outlook Dim

Macquarie Motors Group (MMG), the company behind over £1 billion (US$1.5 billion) of senior debt on the U.K.'s only toll motorway, the M6 Toll, has had its Standard & Poor's rating dropped from BB to B+. Refinancing the debt by the end of 2015, as MMG must, will be difficult, says S&P's analyst.

MMG, now part of the Macquarie Atlas Roads Group formed last year from Macquarie Infrastructure Group (MIG), owns Midlands Expressway, which operates the 42-km toll road around Birmingham. The concession, signed in 1992, runs till 2054. The road began carrying traffic just over six years ago.

In a complex deal four years ago, Macquarie replaced over £600 million (US$860 million) of project debt on the M6 with facilities totaling £1.03 billion (US$1.5 billion), liberating a large pot of cash. To ensure government approval for the refinancing, the firm invested

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around a third of the cash on public projects nearby.

Traffic growth and revenue generation in the next five years will determine how the refinancing will go, says credit analyst Beata Sperling-Tyler. The cost of debt will be particularly significant, she adds.

The highway's average daily traffic began declining in late 2006, from around 54,000 vehicles to a low of around 34,000 during the depth of the crisis, in March last year.

Average daily workday trips in this year's first quarter was 3.1% more than in the same period last year, at 40,322. Average daily revenue was 4.7% up, reaching £141,443 (US$202,600). Since opening, the car tariff has risen by nearly 70% to £5 (US$7.20).

■ Citigroup Sued By Fund Investor

F2i SGR, Italy's large infrastructure investment fund, is suing Citigroup Inc. for failing to find investors for an infrastructure fund. F2i hired Citigroup to promote its fund three years ago, but, citing conflict of interest, said Citigroup failed to find investors and marketed its own fund instead. F2i is reportedly seeking compensation of 100 million euros ($126 million), the amount that F2i claims it would have earned in management fees over the 15-year life of the fund.

■ Slovak PPP Delayed Again

Environmental issues are high among concerns in the European Commission over its proposed funding of a PPP covering 75 km of Slovakia's D1 highway between Martin and Presov. At press time, the Slovaks were pushing to financially close the 30-year D1 Phase 1 contract with a French-led consortium before the Slovakia's June 12 elections.

Extended negotiations over a proposed Euro 1-billion (US$1.25 billion) European Investment Bank loan, covering nearly one-third of the total cost, has several times stalled contract signing in recent weeks.

The European Bank for Reconstruction and Development in late April approved its loan of up to Euro 250 million (US$313 million) for the project, which starts about 230 km northeast of Bratislava. EBRD "is one of the multilateral banks, whose role in structuring the financing of these projects is crucial," notes transportation minister L'ubomír Vázny.

He describes the negotiations on the project as "complex and [may] necessitate many changes in legislation." The preferred bidder chosen by the Ministry of Transport, Post and Telecommunication is Slovenské dia'nice, led by Paris-based Bouygues. The project covers the following sections: Dubna Skala-Ivachnova, Janovce-Jablonov, and Fricovce-Svinia.

WATER

■ Veolia In Line For Paris Water Contract

Veolia Water is now in exclusive contract negotiations over one of Europe's largest water supply and distribution agreements, serving the Paris region of France. The existing contract, held in stages by Veolia since 1923, expires at the end of this year, and is to be replaced by a 10-12 year agreement. An award is scheduled for June 24.

Early this month SEDIF, the syndicate of local authorities in the Ile-de-France region, received final bids from Veolia Eau with Générale des Eaux and its sole rival, Suez Environnement with Lyonnaise des Eaux. Both bids went "beyond the requirements of the specifications as to the future quality, transparency and technical conditions of service," according to SEDIF officials. However, Suez Environnement revealed on May 18 that its offer had been rejected.

The contract, reportedly worth Euro 350 million (US$432 million) in 2008, covers SEDIF's entire territory. It includes over 4 million consumers in 144 municipalities. Veolia produces about 1.6 million cu m a day from three treatment plants and runs a distribution network exceeding 8,700 km. The contract also includes providing customer service.

. . . Latin American News

■ Brazil Auctions More Roads

Brazil's state of Bahia has awarded a 25-year concession to the team of Grupo Odebrecht and Investimentos e Participações em Infra-Estrutura, S.A. (Invespar) to upgrade, toll and maintain 125 km of roads in the Salvador metropolitan area. Following a novel auction on the floor of Sao Paulo's stock exchange, the team won the Rodovias BA-093 concession for five highways.

Bahia state officials organized the auction in three rounds, starting with 10 teams. The bidder calling for the lowest uniform access toll, and those within 10%, went on to successive rounds. Three teams lasted to the end, when Odebrecht-Invespar offered Reais 2.319 (US$1.28), well below the official cap of Reais 3.35 (US$1.86).

Odebrecht-Invespar must invest Reais 805 million (US$447 million) in the roads, which include the 14-km airport link and a corridor to Aratu industrial complex. Reais 363 million (US$201.6 million) will be used to complete upgrades in three years. The balance will go to maintenance.

■ Ferrovial Accelerates Chilean Road Sale

Ferrovial's Cintra Concesiones de Infraestructuras de Transporte, S.A. has obtained an agreement to bring forward by a few months, to May 31, the sale of its Chilean highways to Colombia's state-controlled power utility Interconexion Electrica, S.A. (ISA), with a four-month extension option.

Cintra had initially planned to sell 60% of its Cintra Chile, for Euro 209 million (US$263 million), this April. But ISA delayed the deal to assess damage caused to the five roads by this February's earthquake. The other 40% of the sale is slated for completion in 24 months.

Engineering assessments of damaged roads are not expected to be done in time for the new schedule. But insurance will more than cover repair costs, says a Cintra official. Minimum traffic insurance provided by the government covers revenues losses.

Cintra has not disclosed the total value of the transaction. But it acknowledges that the sale will generate a net Euro 250 million (US$315 million) gain. Cintra wants to book the initial proceeds in its 2010 accounts.

■ Costa Rica Opens First Toll Road

Costa Rica has opened to traffic its first toll road, between the capital San José and Caldera. The 77-km mountain highway has halved the travel time to 90 minutes, for a toll of Colones 1,930 (US$3.50).

Autopistas del Sol, S.A. has a 25-year concession for the highway, with a construction value of US$360 million. The concessionaire is 48% owned by Spain's Global Via de Infraestructuras, while Sacyr Concesiones has 35% and Portugal's Soares da Costa Conçessoês controls 17%.

Project financing included US$160 million debt from the Central American Bank for Economic Integration while Spain's Caja Madrid contributed US$85 million. Equity totaled US$60.5 million, and revenues during construction made up the balance.

■ Mexico Floats Paquete Michoacan Roads

Mexico's Communications and Transport Secretariat (SCT) has set a November 3 bid deadline for the estimated Mex. pesos 2.5 billion (US$198 million) Paquete Michoacan highway concession. The preferred bidder, offering the highest concession fee, will be named at the end of November, with financial close planned for next March 9.

The 25-year contract covers upgrading to toll standard 271 km of highway and two beltways. Construction of 64 km and 25 km new stretches serving Morelia and Uruapan respectively is also included. Site work is slated to begin next April and end by June 2012. The concessionaire will pay SCT 0.5% of revenues annually for the life of the lease.

The Paquete Michoacan procurement follows the abortive bidding last March for the 30-year Paquete del Noroeste. SCT failed to achieve its reserve price.

. . . More World News

■ U.K. Investor Targets Indian Roads

U.K.-based emerging markets investor Actis has agreed to join Tata Realty & Infrastructure (TRI) to bid for some US$2 billion of Indian PPP road projects over the next few years. Actis will contribute nearly 40% of a US$200-million bidding fund. TRI is already teamed with Italy's Atlantia to target Indian BOT projects.

In bidding, TRI plans to use the Indian government's Availability Gap Funding mechanism, aimed at subsidizing projects unable to attract sufficient private financing. The amount of required subsidy forms part of bids. Early last year TRI and Atlantia won their first joint bid to National Highway Authority of India for a US$308 million BOT contract to upgrade and operate the 110-km Pune-Solapur Expressway. Construction started last November.

■ Failed Sydney Toll Tunnel Finds Buyer

Australia's Transurban Group is raising A$800 million (US$666 million) in equity and debt to acquire Sydney's Lane Cove Tunnel concession, now in receivership, and to finance upgrades of other toll roads. At the same time, Transurban this month rejected an A$13.8-billion (US$11.5 billion) takeover bid by Canadian and Australian fund managers, which had been revised in light of the Lane Cove deal.

Transurban this month agreed to buy Lane Cove Tunnel for A$630.5 million (US$524 million) from the accountant KordaMentha partners. KordaMentha took over the asset this January, when the concessionaire Connector Motorways went into receivership after failing to service debts. With the project failing in the ramp-up period following its 2007 opening, the concession has 27 years to run.

The 3.6-km electronically tolled twin tunnel is located just

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east of Transurban's Hills M2 motorway, on the same corridor. Originally sponsored by the contractors Thiess and John Holland, and the bank ABN AMRO, Lane Cove Tunnel project was financed in 2003 by an A$1.14-billion (US$0.95 billion) bond issue, claimed to be Australia's first for a highway.

Transurban will help finance Lane Cove's acquisition with A$542.3 million (US$451 million) of new equity from its own security holders. For the fully underwritten rights offering, Transurban will sell one share in the expanded company for every 11 held in the existing group. The price of A$4.60 (US$3.80) per old share represented a 6.5% discount on the stock market valuation before Transurban suspended trading ahead of the acquisition.

The company will also raise A$258 million (US$215 million) of non-recourse project debt. Servicing of the new debt should "be achieved comfortably," given established traffic volumes, notes Robert Zivcic, Director at Fitch Global Infrastructure Group. Standard & Poor's affirmed Transurban 'BBB+' long-term corporate credit and 'A-' senior secured debt ratings following news of the acquisition.

Funds in excess of those needed for the tunnel acquisition will help finance Transurban's upgrades of other assets. The operator has already started work on the A$550-million (US$458 million) upgrade of its Hills M2. Also, Transurban's 50%-owned subsidiary, Interlink Roads, has agreed with the New South Wales government to widen the M5. Not counting the tunnel, Transurban owns four of the nine roads on Sydney's orbital network.

As a business, Lane Cove Tunnel is sound, having failed only through excessive initial leveraging, says Transurban's Chief Executive Officer Chris Lynch. The company claims it can raise the tunnel's profits by reducing costs and boosting revenues, partly by merging operations with the linking M2.

The tunnel's average annual daily traffic rose 7.3% between 2007 and 2010. Its revenue last year of A$53.1 million (US$44.2 million) generated EBITDA of A$22.1 million (US$18.4 million). The resulting 42.3% EBITDA margin over revenue is roughly half that achieved on Transurban's other Australian roads, reports the company.

News of Transurban's capital raising plan caused bidders for the company to revise their offer, first lodged last November. Transurban again rejected the offer from the Canada Pension Plan Investment Board and the Ontario Teachers' Pension Plan Board and the Australian asset manager CP2 Ltd. CP2 backed the bidding after the Australian government's Future Fund pulled out earlier this year.

CP2's Managing Director, Peter Doherty, describes as "extraordinary" Transurban's decision to sell securities at A$4.60 (US$3.80) while rejecting a cash offer of A$5.57 (US$4.60) per security. And he claims that Transurban's offer for Lane Cove Tunnel is A$100 million (US$83 million) overpriced. CP2 is one of Transurban's biggest investors, holding over 15% of its securities. ■

Global News Briefs

May 2010

AIRPORTS

Peru airports: Peru's ProInversión will in June launch bidding for six airports, including those serving Ayacucho, Arequipa and Apurimac. The 25-year concession will require an estimated US$237 million investment.

BUILDINGS

NJ P3 Law: New Jersey Governor Chris Christie signed a bill on May 5, 2010 that would allow NJ's public colleges and universities to enter into P3 agreements in order to build new campus facilities. The new law eliminates tax burdens for public campus development projects, allowing, for example, Montclair State University to partner with a private developer to build additional on-campus housing and a resident life complex.

Australian jail: Victoria State government has awarded a 25-year contract to design, build, finance and operate the 358-person Ararat prison, some 200 km west of Melbourne, to Aegis Correctional Partnership. Aegis is equally owned by Bilfinger Berger and Commonwealth Bank. Equity in the Euro 190 million (US$260 million) project amounts to Euro 34 million (US$43 million).

Greek schools: Hochtief is the only non-Greek firm among bidders for a DBFO contract covering 10 school buildings in the Attica region of Greece. Bidding in joint venture with Aktor Concession, the German firm is among six groups invited to bid this month. This is the second phase of the Attica schools project; the first has yet to be finalized.

Spanish island hospital: Ibiza will build its first privately financed hospital in Can Misses. The regional Balearic government awarded the 32-year contract to a consortium of Iridium, Acciona and Concessia Cartera y Gestion de Infraestructuras. The hospital will cost US$134 million.

RAIL

Venice highway: Impregilo's Autovie Venete, S.p.A. is seeking debt finance to upgrade its 120-km A4 Venice-Trieste toll highway. The European Investment Bank has pledged support. The concession ends in 2017.

Portugal tunnel: The Audit Court has reportedly suspended construction of the Euro 350-million (US$437 million) Marâo Tunnel for environmental reasons. It has also ruled as unlawful Madeira's debt arising from a cross-island shadow toll road, now in construction.

WATER

PABs legislation: The Sustainable Water Infrastructure Investment Act of 2010 was introduced this month by Senator Robert Menendez (D-NJ) and bipartisan cosponsors. The bill will remove state volume caps on private activity bonds (PABs) for water and wastewater projects. A similar bill introduced in the U.S. House of Representatives last year by Rep. Bill Pascrell (D-NJ) was passed by the House last month as part of the Small Business and Infrastructure Tax Act.

China water: Suez Environnement's Sino French Water, in a new joint venture with two local partners, has won a 30-50 year concession to upgrade and provide industrial water services at the Chongqing Changshou Chemical Industrial Park, Chongqing. Water production is set to reach 240,000 cu m per day and wastewater 40,000 cu m.

Greece desalination: Greece's General Secretariat of Aegean Sea and Island Policy of the Ministry of Infrastructure, Transport and Networks is this month due to receive proposals for a contract to design, build, finance and operate desalination plants to supply 16 communities on the Dodecanese and Cyclades island groups with an estimated total of 465,400 cu m a year. The state will buy minimum quantities of water from the projects for each island.

COMPANY/COUNTRY NEWS

Hochtief acquisition: Hochtief this month acquired New York regional civil works contractor E.E. Cruz and Company Inc. With 250 employees and $108 million in sales last year, Cruz is expected to add knowledge of the difficult New York market to Hochtief-owned Flatiron's stepped-up pursuit of bridge and tunnel work there.

HNTB additions: Pete Rahn, former director of the Department of Transportation in Missouri and Arizona, has joined infrastructure management firm HNTB Corp. as senior vice president and leader of the firm's national transportation operations. HNTB also made Citigroup banker Brad Guilmino chief financial consultant to help clients develop financing plans.

Goldsmith to NYC: P3 expert Stephen Goldsmith, former Indianapolis mayor, has been appointed deputy mayor for operations by New York City Mayor Michael Bloomberg. Goldsmith is the co-founder of the Council of Project Finance Advisers, which advocates for the creation of a federal government entity to help state and local governments develop P3s.

Global News Briefs

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P3 Agencies: Ian Hawkesworth, who heads OECD's Public-Private Partnership Network, has produced a short book detailing the workings of dedicated P3 agencies in Germany, Korea, UK, Victoria, Australia, and South Africa. Buy it at: www.oecd.org/bookshop?pub=9789264 006515

Abertis earnings: International roads generated nearly 50% of Abertis's revenue and 45% of its EBITDA in this first quarter, offsetting slack demand at home. Chilean and French toll roads were ahead of target. Net profit was Euro 119 million (US$149 million) on Euro 925 million (US$1.2 billion) sales, 8.3% above the same period last year.

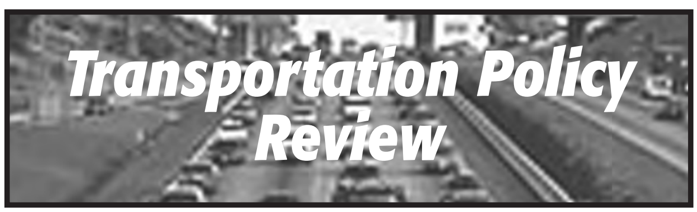
Chile water bonds: Chile's Aguas Andinas has sold US$112 million in 1.5-, 6.5- and 21-year bonds through the Santiago stock exchange. The sale was managed by BBVA and Larrain Vial. Proceeds will be used to raise Santiago's water supply coverage from 80% to 100% of the population.

Chile water sale: Chile is said to be considering selling all or part of holdings worth some US$1.3 billion in the nation's privately run water suppliers. Proceeds would be used to rebuild infrastructure damaged by the February earthquake. Chile has interests in Aguas Andinas, Esval and Essbio.

Qatar car parks: Vinci's car park concessions business has agreed to form the QDVP joint venture with Qatari Diar Real Estate Investment Co. to finance, build and operate car parks, aiming to close its first deal in Doha soon. Vinci will hold 49% of QDVP. Separately, Qatari Diar recently acquired 5.78% of Vinci group.

Suez acquisition: The European Commission has approved the French company's acquisition of Spain's Sociedad General de Aguas de Barcelona (Agbar). After delisting Agbar, Suez will boost its stake to 75% from just under 50%. Agbar operates in Algeria, Chile, China, Colombia, Cuba, Mexico and the U.K.

Vinci roads: Sales by Vinci's concession unit grew 5% in the first quarter to Euro 1.1 billion (US$1.35 billion). Truck traffic on its French toll roads started to grow in mid-February after five quarters of decline. Group sales fell 7.3% to Euro 6.5 billion (US$8 billion).



by Robert W. Poole, Jr.

Taxes vs. Fees: Why the Transport Sector is Wrong on the Senate Climate Bill

Just about every Washington-based transportation group has rushed to denounce a small provision of the new cap-and-trade bill proposed by Sens. John Kerry (D, MA) and Joe Lieberman (I, CT). The American Power Act (APA) would auction off carbon emission permits to three major industries—oil companies, electricity producers, and industrial facilities. The idea is to raise the cost of emitting greenhouse gases (GHGs), thereby creating incentives to reduce the use of carbon-based energy.

What led 27 transportation organizations (everyone from AASHTO and ARTBA to the New Starts Working Group and the League of American Bicyclists) to issue a joint letter of protest was a provision of the bill dealing specifically with the transportation sector. A small portion of the auction revenues would be allocated to transportation—up to $6.25 billion per year, split up one-third for an expanded TIGER grant program, one-third for discretionary grants to MPOs for smart-growth transportation/land-use planning efforts, and one-third to the Highway Trust Fund (to be used to improve the "safety, effectiveness, and efficiency" of transportation).

ARTBA denounced the legislation as a "diversion of transportation revenues," apparently on grounds that the likely increased cost of motor fuel due to the carbon permits bought by oil companies would be far more than either the $6.25 billion allocated to transportation or especially the one-third of that put into the Highway Trust Fund. The letter signed by all 27 groups claimed that the APA "significantly undermines the user fee principle for financing federal transportation improvements that has served our nation and our economy well for more than 50 years." And it said that the APA "diverts user fees from motor fuels while our roads, bridges, and transit systems are neglected." A column in "Better Roads claimed that the measure would "raise money from new fuel taxes without a guarantee that the money would be used exclusively for transport projects."

Now I happen to be as strong a proponent of the users-pay/users-benefit principle as you will find, but this characterization of the Kerry-Lieberman bill is sophistry. There is no new "fuel tax" involved in this bill. This is a regulatory measure, applied across most of the economy, to increase the cost of carbon-based energy. It has nothing to do with highway user taxes, which up until this debate my friends at AASHTO, ARTBA, and ATA routinely referred to as highway user fees, which are properly deposited into the Highway Trust Fund and used (mostly) for highway purposes.

And this gets us to the heart of the question: the difference between taxes and fees. In the proposed APA, the required carbon permits are equivalent to a carbon tax, which is a regulatory measure aimed at reducing the extent of something society has decided is a bad thing. By raising the price of carbon, it is intended to lead users of carbon-based energy to economize on its use. As such, it is an alternative to sector-specific regulations and controls, in which government agencies (aided, of course, by lobbyists) attempt to micromanage outcomes and pick winners and losers. Economists are in widespread agreement that such economy-wide measures are far less economically harmful than sector-specific regulations (which took up nearly 1,500 pages in last year's Waxman-Markey cap and trade measure, now fortunately abandoned).

Yet any such carbon tax, by raising the price of electricity, manufactured products, and transportation, could significantly increase the cost of living for American households. That's why economists are also in widespread agreement that the best thing to do with the potentially very large annual proceeds from a carbon tax is to return them to households. Because different products and services will be affected to a greater or lesser extent by the carbon tax, consumers will still make choices among goods and services in response to the new, higher prices of some of them. But the negative effect on overall consumer welfare will be minimized.

Apparently the Kerry-Lieberman bill does call for rebating most of the revenues to households, apart from the well-intentioned but misguided transportation portion. Had they left this section out, there would be no excuse for transportation groups to be misleadingly portraying an environmental tax as involving "transportation revenues."

In the context of a Highway Trust Fund that spends $35-40 billion per year, a couple of billion dollars a year is a trivial sum to be expending all this energy on. The real concern, according to some observers, is that this additional dollop for the Trust Fund might further dampen interest in Congress in tackling a serious, six-year reauthorization of the surface transportation program. But this is too small an amount to have that kind of impact.

Far more important for the longer term is for highway advocates to think more clearly about the difference between taxes and user fees. That distinction is crucially important as we look beyond the current reauthorization and contemplate the needed shift from fuel taxes to mileage charges as the principal source of highway funding. Already, that debate seems to involve two very different conceptions of what a mileage charge might be.

One concept sees tolls as the basic model, in which the charge would be based on things like miles driven, time of day (if urban), type of road, and type of vehicle (e.g., heavy truck vs. car). In this version, the mileage charge would be a true user fee, paid to the road provider and used for the capital and operating costs of the road system.

The other concept aims to implement a mileage tax, which would factor in social policies such as fuel efficiency, number of occupants, motive power, etc. in addition to the toll-like factors. Those promoting the mileage tax version want the proceeds to be used for all modes of surface transportation, rather than just highways.

If we move toward the true (toll-like) user charge for highways, there could still be externality taxes, levied by government to discourage "bad" things such as GHG emissions. But that would be like a city putting a tax on electric utility bills. The basic electric bill is a user charge, paid to the electric company and used by them for the capital and operating costs of the electricity system. The tax is a tax, levied by the city for its own purposes, whether wise or foolish.

The long-term health of America's highway system depends on getting clear on the distinction between taxes and user charges. If we replace the current fuel tax—which is now only a partial user fee—with a VMT tax, then highway users (and only highway users) will end up footing the bill for anything and everything remotely related to surface transportation. But if we develop true VMT charges, analogous to electric utility bills, we will lay the basis for a robust, user-friendly highway system for the 21st century. ■

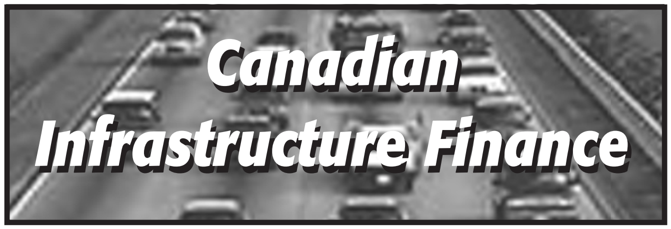
Robert Poole, Jr. *is the director of transportation studies at the Reason Foundation*

U.S. & Canadian Transportation Projects Scorecard

Contract Amount in nominal $ ($ millions)	Project Name	Owner	Private Risk	Notice to Proceed	Sponsors (DB component)
3,850	**Indiana Toll Road, IN**	Indiana Finance Authority	75-yr lease	6/06	Cintra Concessions/Macquarie
2,600	**ETR 407, Toronto, Ont.**	Ontario Ministry of Trans.	99-yr lease	5/99	Cintra Concessions/Macquarie
2,460	**Port Mann Bridge, BC**	BC. Ministry of Transportation	DB	2/09	Kiewit/Flatiron
2,047	**North Tarrant Express, TX**	Texas DOT	DBFOM	12/09	Cintra/Meridiam ($1.46bn Ferrovial)
1,998	**I-495 HOT Lanes, VA**	Virginia DOT	DBFO	7/08	Transurban/Fluor ($1.4bn Fluor/Lane)
1,830	**Chicago Skyway, IL**	City of Chicago	99-yr lease	1/05	Cintra Concessions/Macquarie
1,814	**I-595 Managed Lanes, FL**	Florida DOT	DBFO	2/09	ACS Infrast. ($1.2bn Dragados/EarthTech)
1,674	**Hudson-Bergen Lt. Rail , NJ**	NJ Transit	DB/Equip+O&M	10/96	Wash. Group/Itochu ($1.15bn Perini/Slattery)
1,650	**Canada Line, Vancouver, BC**	Gr. Vancouver Transit Auth,	DBFO	8/05	SNC Lavalin/Serco ($1.2bn SNC Lavalin)
1,430	**A-30, Montreal, Quebec**	Ministry of Transport	DBFO	9/08	Acciona/Iridium (Dragados/SICE/Arup)
1,376	**I-15 Reconstruction, UT**	Utah DOT	DB	3/97	Kiewit/Granite/Washington Group
1,369	**SH 130 Seg. 1-4, TX**	Texas DOT	DB	7/02	Fluor/Balfour Beatty/DMJM + Harris
1,358	**SH 130 Segments 5-6, TX**	Texas DOT	DBFO	3/08	Cintra/Zachry
1,340	**Edmonton Orbital (NW), AB**	Alberta Transportation	DBFO	7/08	Bilfinger Berger (Flatiron/Parsons/Graham)
1,186	**T-REX Road/Rail Exp., CO**	Colo. DOT/RTD	DB	5/01	Kiewit/Parsons Trans. Group
980	**Jamaica-JFK Airtrain, NY**	Port Auth. NY/NJ	DB/Equip+O&M	9/99	Skanska/Bombardier ($980m Slattery/Perini)
914	**Port of Miami Tunnel, FL**	Florida DOT	DBFO	10/09	Meridiam ($607m Bouygues/Jacobs)
814	**Golden Ears Bridge, BC**	TransLink/Partnerships BC	DBFO	3/06	Bilfinger BOT ($746m Bilfinger/CH2M Hill)
803	**Foothill Eastern Toll Road, CA**	Trans. Corridor Agencies	DB	6/95	Flatiron/Wayss & Freitag/Sukut/Obayashi
790	**San Joaquin Hills Toll Rd., CA**	Trans. Corridor Agencies	DB	9/91	Kiewit/Granite
773	**SR 125 So. + Connectors, CA**	San Diego Expressway L.P.	DBFO	5/03	Macquarie ($653m Washington/Fluor)
730	**Confederation Bridge, PEI**	Public Works Canada	DBOM	10/93	Vinci/BPC Marine/Ballast Nedam/SCI
712	**Alameda Corridor, CA**	Alameda Corridor Trans. Auth.	DB	11/98	Tutor-Saliba/O&G Indus/Pars. Grp + HNTB
689	**JFK Terminal 4, NY**	Port Auth. NY/NJ	DBFO	5/97	Schiphol/LCOR ($689m Fluor/Morse Diesel)
645	**Foothill South Toll Road, CA**	Trans. Corridor Agencies	DB	11/98	Flatiron/HBG/Sukut/Fluor Daniel
615	**Tacoma Narrows Bridge, WA**	Washington State DOT	DB	11/02	Bechtel/Kiewit
611	**Pocahontas Parkway Lease, VA**	Virginia DOT	99-yr lease	6/06	Transurban ($45m Fluor/WGI)
603	**Northwest Parkway Lease, CO**	Norhwest Parkway Authority	99-yr lease	5/07	BRISA/CCR
600	**Eastside Light Rail, CA**	Los Angeles County MTA	DB	7/04	Washington Group/Obayashi/Shimmick
597	**Sea-to-Sky Highway, BC**	BC MInistry of Transportation	DBFO	9/05	Macquarie ($354m Kiewit/Miller/Capilano)
555	**Northeast Stoney Trail, AB**	Province of Alberta	DBFO	2/07	Bilfinger ($345m Flatiron/Graham/Parsons)
541	**Cooper River Bridge, SC**	SC DOT	DB	7/01	Flatiron/Skanska + Parsons Brinckerhoff
530	**BART SF. Airport Ext., CA**	Bay Area Rapid Transit Dist.	DB	5/98	Tutor-Saliba/Slattery + HNTB
508	**Trenton River Light Rail, NJ**	NJ Transit	DB/Equip+O&M	6/99	Bechtel/Conti/Foster/Bombardier
500	**Trans Canada Highway, NB**	NB Trans Ministry	DBOM	11/98	Dragados-FCC/Vinci/Miller Paving
464	**Intercounty Connector, MD**	Maryland DOT	DB	6/07	Granite/Corman/GA & FC Waggoner
446	**Western Wake Freeway, NC**	NC Turnpike Authority	DB	8/09	Archer Western/Granite + The LPA Group
431	**IROX I-75, FL**	Florida DOT	DBF	6/07	Anderson Columbia/Ajax Paving
420	**I-64 St. Louis, MO**	Missouri DOT	DB	12/06	Granite Construction
414	**Highway 161, TX**	No. Texas Tollway Auth.	DB	8/09	Fluor/Balfour Beatty + AECOM
395	**Edmonton Orbital SE, AB**	Alberta Min. of Trans.	DBOM	1/05	Macquarie/PCL/LaFarge
390	**SR 22 Improvements, CA**	Orange Cty CA Trans. Auth.	DB	9/04	Granite/C.C. Myers/Steve P. Rados Inc.
386	**Conway Bypass Highway, SC**	SC DOT	DB	3/98	Fluor Daniel
385	**Route 3 North, MA**	Mass. Highways	DBF/Maint.	8/00	Modern Continental/Roy Jorgenson
350	**Dulles Greenway Toll Road, VA**	TRIP II	DBFO	9/93	TRIP II ($150m Brown & Root)
348	**John James Audubon Br., LA**	LA DOTD	DB	5/06	Flatiron/Granite/Parsons
343	**Las Vegas Monorail, NV**	L.V. Monorail LLC	DB/Equip+O&M	10/00	Bombardier/Granite
328	**281 North Toll, TX**	Alamo Reg. Mobility Auth.	DB	5/08	Fluor/Balfour Beatty

U.S. & Canadian Transportation Projects Scorecard

Contract Amount in nominal $ **($ millions)**	**Project Name**	**Owner**	**Private Risk**	**Notice to Proceed**	**Sponsor Constructors** (DB component)
324	**E-470 Beltway, Seg. 2&3, CO**	E-470 Public Hway Auth.	DB	8/95	Washington Group Intl/Fluor Daniel
295	**US 550 (was SR 44), NM**	New Mex. SH&TD	D/CM/Warranty	9/98	Koch Materials ($295m CH2M Hill/Flatiron)
291	**Hiawatha Light Rail, MN**	Minn. DOT	DB	9/00	Granite/C.S. McCrossan
267	**Gold Line Light Rail, CA**	LA-Pasadena Blue Line Const.	DB	4/00	Kiewit/Washington Group
243	**I-10 Bridges Escambia Bay, FL**	Florida DOT	DB	4/05	Tidewater Skanska/Flatiron
238	**TH 212, MN**	Minnesota DOT	DB	8/05	Fluor/Edward Kraemer/Ames
236	**Rt. 288, VA**	Virginia DOT	DB/Warranty	12/00	Koch/APAC/CH2M Hill
234	**St. Anthony Falls Bridge, MN**	MinnDOT	DB	11/07	Flatiron/Manson + FIGG
233	**E-470 Beltway, Seg. 4, CO**	E-470 Public Hway Auth.	DB	1/00	Kiewit/Washington Group
232	**Palm Beach-Ft. Laud. Rail, FL**	Tri-County Commuter Rail Auth	DB	8/01	Herzog/Granite/Washington Group
232	**US 52 Reconstruction, MN**	Minnesota DOT	DB	2/03	Fluor/Edward Kraemer/Ames
226	**Carolina Bays Pkwy, SC**	SC DOT	DB	11/99	Flatiron/Tidewater
323	**E-470 Seg. 1, CO**	E-470 Public Hway Auth.	DB	7/89	Fluor/Morrison Knudsen
238	**I-15 Bridge Replacements, UT**	Utah DOT	DB	1/06	Granite/Ralph L. Wadsworth Const.
220	**Blue Line Extension, DC**	WMATA	DB	4/02	Lane/Granite/Slattery Skanska
211	**I-95 Widening**	Florida DOT	DBF	12/07	Community Ashpalt
200	**Kicking Horse Canyon, BC**	BC Min. of Trans.	DBFO	2005	Bilfinger ($114m Flatiron/Parsons)
198	**Rt. 28 Corridor, VA**	VDOT	DB	9/02	Clark Const./Shirley Contracting Corp.
192	**US 17 Washington Bypass, NC**	NC DOT	DB	2/06	Flatiron/United Contractors
191	**Southern Connector, SC**	Connector 2000 Assn.	DB/F	2/98	Interwest ($na Thrift Bros.)
191	**Atl. City-Brigantine Tunnel, NJ**	NJ DOT	DB/F	10/97	Mirage Resorts ($191m Yonkers/Granite)
184	**U.S. 60 Upgrade, AZ**	Arizona DOT	DB	5/01	Granite/Sundt
180	**Northwest Parkway, CO**	NWP Public Highway Auth.	DB	6/01	Washington Group/Kiewit Western
178	**US 183, Austin, TX**	Central Tex. Mobility Auth.	DB	12/04	Granite/J.D. Abrams + URS
177	**Palmetto Exp. Widening FL**	Florida DOT	DBF	8/08	Condotte-De Moya j.v.
171	**Reno ReTRAC, NV**	City of Reno	DB	7/02	Granite/Parsons Trans. Group
148	**US Route 1, Key West, FL**	Florida DOT	DB	11/04	Granite w/Jacobs
136	**I-494 Reconstruction, MN**	Minnesota DOT	DB	8/04	Granite/C.S. McCrossan
132	**U.S. 64 Knightdale Bypass, NC**	North Carolina DOT	DB	6/02	Flatiron/Lane Const. Corp.
130	**CPTC 91 Express Lanes, ,CA**	CalTrans	DBFO	7/93	Level 3/Cofiroute/Granite (sold 1/03)
130	**U.S. 20, OR**	Oregon DOT	DB	7/05	Granite/TY Lin International
129	**U.S. 70, NM**	New Mex. SH&TD	DB	7/02	Granite/Sundt/James Hamilton+URS
125	**Portland Airport Max Rail, OR**	Tri Met	DB	10/98	Bechtel
121	**95 Express Lanes, FL**	Florida DOT	DBF	1/08	FCC/MCM
120	**Okanagan Bridge, BC**	BC Dept. of Transport	DBFO	5/07	SNC Lavalin
111	**US-1 Improvements, FL**	Florida DOT	DBF	11/07	Community Asphalt
102	**I-4 Over St. John's River, FL**	Florida DOT	DB	1/01	Granite/PCL Civil Constructors
86	**I-17 Thomas to Peoria, AZ**	Arizona DOT	DB	1/99	Granite/Sundt
85	**Camino Colombia Bypass, TX**	Texas DOT	DBFO	6/99	Granite + Carter & Burgess
83	**Highway 104 Cobequid Pass**	Nova Scotia MOT	DBOM	5/96	CHIC: Aecom/AMEC/Dufferin
82	**Hathaway Bridge, FL**	Florida DOT	DB/Warranty	6/00	Granite
81	**Sawgrass Expwy Widen, FL**	Fla. Turnpike Enterprise	DB	4/05	APAC/Parsons Trans. Group
57	**Anton Anderson Tunnel, AK**	Alaska DOT	DB	9/98	Kiewit + Hatch Mott MacDonald
56	**Belt Parkway, NY**	NYC DOT	DB	7/02	Granite Halmar + Gannett Fleming
54	**Carolina Bays, ph. 2, SC**	South Carolina DOT	DB	5/03	APAC + Wilbur Smith Assoc.
53	**New River Bridge, FL**	Tri-County Commuter Rail	DB	2/03	Washington Group



■ Winnipeg Picks Veolia For 30-Year Alliance

Winnipeg's city council this month selected Veolia Canada to negotiate a 30-year contract that commits the company to meet negotiated performance targets for delivering the city's Cdn$660-million capital program. It also aims to set long-term cost savings targets for the operation and maintenance of the upgraded facilities, which will be done by city workers and supervisors.

Winnipeg's aim is to build and operate a world-class utility. "We're going to set our targets to at least as good as worldwide best practice," says Bryan R. Gray, Manager of Utility Development for the city. "We're not going to go through this much trouble to perpetuate the status quo."

A staff report to the City Council says savings of 10% to 20% on the city's net present 30-year baseline costs of Cdn $1.2 billion are expected through "improved treatment plant design and innovation," improved construction management, and Veolia's bulk purchasing power.

Winnipeg is facing fines of Cdn$1 million a day unless it meets deadlines imposed by the province for upgrading treatment at two wastewater plants by 2012 and 2014. Energy and chemical costs for operating those plants could cost as much Cdn$1 million a month, says Gray.

Avoiding or reducing those costs is the main goal of the agreement being negotiated with Veolia, he says.

The immediate task at hand is the design and construction of upgrades to the city's South End sewage plant (Cdn $200 million), North End sewage plant (Cdn $400 million) and a biosolids facility (Cdn $61 million).

Between five and 20 Veolia employees will work with the city on the projects, depending on the final orders from the province on treatment levels. Veolia experts are being flown in from Scotland, France and Australia to help set contract terms and manage the work, says Scott Edwards, Veolia communications director.

Under city management, improvements have already been made to the department's smallest facility, the West End plant. Continuing problems with the design, construction and commissioning of that plant are part of the reason the city is seeking Veolia's help. "It's kind of a living endorsement of why we're trying to do things differently," says Gray.

The 30-year contract term fulfills a couple of purposes, says Gray. "It effectively gives us a very long warranty period to make sure that the design, construction and initialization of all the plants is up to spec. There won't be any chasing after people later if something doesn't work right, because they will still be with us."

"It's a pain-gain sharing formula against city baselines," he says. "For example, if our operating costs are not meeting spec then they will feel some financial pain for that."

If there is disagreement in devising the approach to a problem, the city will have the final say and then hold Veolia harmless on all matters related to city spending.

There was considerable interest in the contract, which evolved from a DBFO to the current form. A city call last year for private interest received 16 responses, winnowed down to six of which three—CH2M Hill, Black & Veatch and Veolia—were asked for detailed proposals.

■ ACS Canada Picked for South Fraser

A group headed by Iridium subsidiary ACS Infrastructure Canada has been picked to design, build, finance, operate and maintain the South Fraser Perimeter Road near Vancouver.

The 40-km route will not be tolled, but the federal and British Columbia governments have earmarked about Cdn $1 billion for milestone and availability payments.

The Fraser Transportation Group includes ACS Infrastructure Canada (75%) and Ledcor Industrial/Mining Group of Vancouver (25%) as equity partners, with builders Dragados, Ledcor and CMI doing the construction. Two local construction companies round out the design-build team. The group originally included Zachry American Infrastructure as an equity partner.

The British Columbia government set a price envelope, which will not be disclosed until Fraser Transportation and the province reach a deal. But the competition was based on delivering the most road for the fixed price.

B.C. had a reference concept for the four-lane divided highway on the south side of the Fraser River. The 80 km/hr route will link major highways south of Vancouver with port facilities, industrial areas and suburban areas.

The government expects to reach financial close and start construction this year and complete the road in 2013. The O&M portion will then run 20 years.

The South Fraser road is part of B.C.'s Cdn$3-billion Gateway program, designed to improve highways in the area south and east of Vancouver, where the Fraser River is the dominant feature. It includes the Golden Ears P3 bridge, and the Port Mann bridge, which was intended to be a P3 but was unable to finance privately. It is being done as a government project.

■ $250,000 Stipend for BC Jail

Partnerships B.C. has launched an RFQ for a 180-cell expansion of the pre-trial holding center in Surrey, a Vancouver suburb. The Cdn $100-million project includes building the expansion, renovations to the current jail and facilities maintenance of the jail for 30 years. Groups that make it to the RFP stage but don't win the contract will receive Cdn $250,000.

B.C. will make milestone payments during construction for an estimated 50% of capital costs. PBC is expected to impose an affordability ceiling in the RFP to limit payments over the project.

■ Bouygues Wins RCMP HQ in BC

Canada's federal government has signed a Cdn$966-million (current dollars) deal with an international consortium to design, build, finance and maintain a new headquarters complex for the Royal Canadian Mounted Police (RCMP) British Columbia division.

Green Timbers Accommodation Partners will build the 76,162 square-meter complex, including a seven-storey office building, in the Vancouver suburb of Surrey. It will house more than 2,700 RCMP E Division headquarters staff.

The government will pay the consortium Cdn $120 million over four years starting in 2010, and then monthly payments totaling Cdn $263 million for design and construction and Cdn $583 million for project financing, maintenance, and repairs. The monthly payments will run for 25 years after construction is completed in December 2012.

Green Timbers Accommodation, named for the area where the complex will be built, includes HSBC Infrastructure, Bouygues Batiment International and Bouygues subsidiary ETDE Facility Management Canada.

The new buildings will enable the Mounties to consolidate 26 offices in Metro Vancouver.

HSBC replaced Canada's Scotia Capital as the financial partner in Green Timbers Accommodation while the government was reviewing the short-listed proposals.

Green Timbers beat groups headed by Spain's Acciona with finance, maintenance and building units of Montreal's SNC-Lavalin, and Integrated Team Solutions, including Canadian builder Ellis Don with Honeywell and the Royal Bank of Canada.

Consortium members valued the design-build work at about Cdn$230 million and the O&M at Cdn $60 million.

KPMG is a global leader – and Canada's largest professional advisory firm, providing services to international public and private sector clients on matters of privatization, commercialization, public–private partnerships and innovative infrastructure finance. KPMG has provided economic and financial analyses, feasibility studies, demand forecasting, business planning, regulatory and bid tender strategic advice to both public and private sector clients pursuing airport, toll road, water and wastewater, and telecommunications projects in North and South America, Asia, Europe, and the former Soviet Union. Contact **Stephen C. Beatty** at (416) 777-3569, fax (416) 777-3515, or **Will Lipson** at (416) 777-3557, fax (416) 777-3515, Co-Chairs of KPMG's National Privatization Group.

Osler, Hoskin & Harcourt LLP has one of the leading public-private partnership (P3) legal practices in Canada. Osler has extensive experience in all types of PPParrangements including concessions, outsourcing of services, and privatizations of various government agencies, crown corporations and service providers. We have advised on a broad spectrum of P3 projects including major transportation (highways and airports), public transit, casinos, energy, waste, water treatment, power generation facilities and other infrastructure projects. We represent public and private sector participants including developers, contractors, consortiums, service providers, governmental agencies, consultants and financial institutions. Please contact **Bob Beaumont** at (416) 862-5861 (e-mail: rbeaumont@osler.com), **Lorne Carson** at (403) 260-7083 (e-mail: lcarson@osler.com), or **Rocco Sebastiano** at (416) 862-5859 (e-mail: rsebastiano@osler.com)

Veolia Water North America is the leading provider of comprehensive water and wastewater services to municipal and industrial customers, providing services to approximately 14 million people in more than 600 communities. Our services include designing, building and operating water and wastewater treatment facilities and systems. We operate the nation's largest public-private partnership for water services in Indianapolis, where we serve 1 million people, as well as the country's very first partnership established in 1972 with Burlingame, Calif., an ongoing customer now for more than 30 years . The company is part of Veolia Water, the No. 1 water company in the world, serving more than 110 million customers. Veolia Water is the water division of Veolia Environnement (NYSE:VE and Paris Bourse: VIE), the largest environmental services company in the world, with more than 252,000 employees in more than 80 countries and annual revenues of approximately $30 billion. Visit the North American web site at www.veoliawaterna.com or call (800) 522-4774.

Wilbur Smith Associates is an internationally recognized toll road expert, providing financial, procurement, operations and construction support for public agencies and private clients on hundreds of toll facilities worldwide. For more than 50 years, WSA has worked with investment bankers, debt holders, rating agencies, and equity partners to place $65 billion of revenue based financings, providing us with unparalleled credibility in today's financial markets. We provide services that help define a public-private partnership and ensure that our clients are able to design a procurement to maximize their objectives. Notable projects include 91 Express Lanes (California), 407 ETR (Ontario), Melbourne CityLink, President George Bush Turnpike (Texas), and South Bay Expressway (California). Contact **Ed Regan** (203) 865-2191, **Kamran Khan** (630) 434-8111, or **Grant Holland** (770) 936-8650, or visit us at www.WilburSmith.com.

Parsons Brinckerhoff provides a total package of consulting services for infrastructure projects worldwide. We advise senior decision-makers of private firms, public agencies and financial institutions in all aspects of assessing, developing and delivering projects and programs. With a world class strategic advisory group within our leading international engineering and construction management firm, we draw on over a century of successful experience with challenging and complex projects to provide cutting-edge strategic advice. From initial assessment of project feasibility to procurement or bid development and on through project delivery, we work side by side with our clients to make you successful. Our senior team has successfully helped our clients close international transactions through our Program Management, Procurement Advisory, Due Diligence/Owner's Engineer, and PPP/Concession Advisory services. Contact **David Earley**, Director of Strategic Consulting, (202) 661-5310 earleyd@pbworld.com or **Matthew Bieschke**, Investor Advisory Services Manager, (202) 661-5311 bieschke@pbworld.com

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As part of SUEZ ENVIRONNEMENT, United Water provides water, wastewater and asset management services to 7.3 million people in 25 states through the dedication of its 2,600 employees. In addition to owning and operating 20 regulated utilities, United Water operates 240 municipal and industrial systems through public-private partnerships and contract agreements. Founded in 1869, the company's core expertise in providing safe, clean drinking water has evolved into providing a full range of services, from technical assistance to total asset ownership. We assist communities improve service, reduce costs, comply with environmental regulations, manage labor relations and provide excellent customer service. For more information visit unitedwater.com or contact **Mark Kropilak** at 201-767-9300 or at BD@UnitedWater.com.

OHL Concesiones, SL is one of the world's leading private developers of transportation infrastructure, being active in all its modes: highways, railways, airports and seaports. The company, founded as a subsidiary of the OHL Group, provides expertise and state of the art technology for developing under concession all types of infrastructure in any part of the world. Currently participating in 21 concessions comprising 2,734 miles in the highway sector, the corporation is also active in urban and suburban train lines, airports and commercial ports and marinas. In contrast to other groups in the sector, OHL Concesiones holds control stakes in practically all of the concessions comprising its portfolio, guarantying the best quality service. For more information please contact: **Ignacio García** (34) 91 348 46 37 garciago@ohlconcesiones.com or **Roberto Hombrados** (34) 91 348 47 58 rhombrados@ohlconcesiones.com; or visit www.ohlconcesiones.com

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O. R. Colan Associates (ORC) provides a full range of real estate services related to the appraisal, acquisition and relocation phase of design build highway projects. With more than 30 offices in 18 states nationwide, the company is broadly recognized as a leader in providing real estate solutions for public works projects. ORC provided the right of way acquisition and relocation assistance for the following successful design-build highway projects: Segments 1-6 of SH 130 in Texas; the Pocahontas Parkway in Virginia; Route 3 North in Massachusetts; I-64 in Missouri; and portions of the Indiana Toll Road in Indiana. Time is money on a design build project. ORC has the proven ability to deliver the right of way in time for construction on fast paced projects while meeting all state and federal requirements. Contact Steve Toth, COO, at stoth@orcolan.com or visit us at www.orcolan.com

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Scully Capital is a specialized investment banking and financial services firm providing a broad range of project finance and mergers and acquisitions expertise to clients in the environmental and infrastructure industries. The firm serves public sector entities and private developers in water, wastewater, biosolids management, solid and hazardous wastes disposal, power generation, transportation and infrastructure development. Scully Capital brings a unique combination of industry knowledge and financial expertise to help your public-private partnership reach a successful closing. The firm is active in structuring senior debt, mezzanine financing and equity capital through the bank and private equity markets. Please contact **Brian T. Oakley or Kapil Jatindarya**, 1133 15th St. NW, Washington, D.C. 20005, ph. (202) 775-3434, fax (202) 775-6049.

Nossaman LLP, a U.S. law firm dedicated to representing government agencies, is widely acknowledged to possess the broadest and deepest practice in the world focused on U.S. transportation infrastructure, specializing in the effective deployment of P3s and other forms of innovative project delivery, finance, operations and maintenance. Recently we helped our clients achieve significant milestones:

- Texas DOT $2.02B North Tarrant Express Managed Lanes Project – Toll Concession – Financial Close, December 2009
- Utah DOT $1.1B I-15 Corridor Expansion – Design-Build Contract – Proposer Selected, December 2009
- Florida DOT $900M Port of Miami Tunnel Project – Availability Payment Contract – Financial Close, - October 2009
- Texas DOT $1.02B DFW Connector – Design-Build Contract – Notice to Proceed, October 2009
- Texas DOT $2.68B LBJ-635 Expansion – Toll Concession – Commercial Close, September 2009
- North Carolina Turnpike Authority $640M Mid-Currituck Bridge Project – Pre-Development Agreement – Executed, April 2009
- Florida DOT $1.8B I-595 Managed Lanes Project – Availability Payment Contract – Financial Close, March 2009

Contact **Geoffrey S. Yarema** at gyarema@nossaman.com / 213.612.7842, **Patrick Harder** at pdharder@nossaman.com / 213.612.7859, or **Simon Santiago** at ssantiago@nossaman.com / 202.887.1472. On the web at www.nossaman.com and www.InfraInsightBlog.com

PUBLIC-PRIVATE SERVICES DIRECTORY

IRIDIUM

With more than 40 years of experience, **IRIDIUM Concesiones** (formerly Dragados Concesiones) is the ACS Group company that promotes, develops and operates concession projects worldwide. With over 100 projects developed in 21 countries, including 4,368 miles of highways, 1,107 miles of railroads, 16 airports, 17 ports and several social structure concession projects, IRIDIUM Concesiones is the world leader in this field. We are proud to have global presence with local commitment. ACS Group companies apply their unsurpassed technical skills to the planning, design, construction, operation and maintenance of infrastructures, using the latest technologies in any area and providing the highest level of excellence throughout. A solid financial capability combined with an innovative approach allows IRIDIUM Concesiones to structure the necessary financial resources for any project. Contact **Salvador Myro** (smyroc@iridium-acs.com) at +(34) 91 703 85 48 or visit www.iridiumconcesiones.com or www.grupoacs.com for further details.

Itínere

Itínere is a world leader in the infrastructure concession business with an excellent portfolio of concessions. It holds a portfolio of 7 toll roads fully operational located in the North region of Spain, which has historically proved to be more resilient and economically stronger than the South of Spain. The total network has a length of 620,6 km and a remaining life of 34 years and have achieved high rates of profitability and cash generation. Itínere initiated its life in 1996 within SyV Group and in a period of 11 years multiplied its network by 17 through new awards, acquisitions and privatizations in Spain and abroad. In June 2009, a series of corporate transactions were completed that have resulted in the Itínere we know today. On the one hand, Pear Acquisition Corporation, a 100% company of Citi Infrastructure Partners, launched a takeover bid over 100% of Itínere which Sacyr Vallehermoso agreed to take up. Furthermore Citi Infrastucture Partners sold to Abertis, Atlantia and Sacyr Vallehermoso various Itínere stakes in Spain, Portugal, Brazil and Chile. Itínere has been Spain´s most successful company in winning new concession projects and has an experienced management team with an extensive track record in the integration of assets and human resources of acquired companies. **Contact:** Alberto Jiménez Ortiz (ajimenez@grupoitinere.com) tel. 34 91 417 16 64. For further information, please visit www.grupoitinere.com

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IMG CAPITAL LLC
A member of Infrastructure Management Group, Inc.

IMG Capital LLC is an international capital investment and advisory firm specializing in infrastructure assets and related operations of toll roads and bridges, transit, airports, water and wastewater, solid waste, renewable energy and other private and public-use infrastructure such as parking garages and intermodal/multimodal facilities. Over the past decade, IMG and its senior professionals have completed over 200 engagements for more than 100 different public and private clients across 22 U.S. states, the Americas, Europe, Africa and Asia.

IMG Capital LLC serves as a strategic partner with infrastructure investors and their stakeholders providing development, financial, and operational management services to drive long-term value creation. IMG has participated in more than $100 billion worth of deals on both the buy-side and sell-side across the infrastructure lifecycle, including planning, feasibility, development, permitting, construction, ramp-up, transfer, maintenance and mature operations. IMG Capital LLC is uniquely positioned to identify investment opportunities, provide bid evaluation, manage assets post-acquisition, and strategically co-invest on select opportunities.

For more information, contact **Philip F. Alfieri**, Managing Director, IMG Capital LLC or **John E. Joyner**, President, IMG at (301) 907-2900, fax (301) 907-2906, or at 4733 Bethesda Avenue, Suite 600; Bethesda, MD 20814.

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With more than 2,000 staff across North America, **Lochner MMM Group** combines the respected transportation engineering and planning reputation of H.W. Lochner Inc. with the extensive global P3 experience of MMM Group Limited. The firms' project portfolios feature major award-winning transportation assignments in the U.S. and Canada, including many P3s. Lochner MMM Group has proven working relationships with leading constructors and transportation infrastructure investors. Its project implementation know-how and access to private capital and concessions expertise allow governments to achieve their infrastructure goals more quickly and at a lower cost.

Besides transportation planning and engineering, Lochner MMM Group's core services include process consulting, project management, and investment and due diligence advisory services for large P3 transportation undertakings. With over 35 North American office locations, Lochner MMM Group is a partner of choice for U.S. P3 transportation projects.

Contact: **Tom Stoner, PE**, tel. (727) 572-7111; tstoner@hwlochner.com, or **Dave Jull,** P.Eng., tel. 905-882-7203; e-mail: JullD@mmm.ca

Hawkins
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Hawkins Delafield & Wood LLP has the largest specialized public contract and finance legal practice in the United States. We have successfully negotiated and closed major infrastructure transactions in every state. Our clients consist exclusively of governmental, non-profit and financial institutions. In the water sector, Hawkins has served as special planning, procurement and negotiating counsel to local governments on more than 75 public-private partnership projects. In the transportation sector, we are consistently ranked by Thompson Securities Data as the leading finance counsel nationally.

For over 30 years Hawkins has pioneered highly successful alternative delivery approaches to public works development and implementation using design-build, design-build-operate, and design-build-finance-operate contracts, franchise and concession agreements, project financings and private activity bonds. The breadth and depth of our contract and finance practices provide a unique foundation for the firm's practical and creative counsel and strategic advice to clients seeking solutions to infrastructure challenges in the water, transportation, solid waste and power sectors.

Contact: **Eric Petersen** at (212) 820- 9401 or **Ron Grosser** (212) 820-9423 in New York, or **Rick Sapir** at (973) 642-1188 in Newark, or through our website at www.hawkins.com

JACOBS

Jacobs is one of the world's largest and most diverse providers of professional technical consulting services. As a full-spectrum lifecycle solutions provider we focus on developing close strategic partnerships with our clients over the life cycle of their projects. Jacobs provides a distinctive range of comprehensive planning, design and management expertise in almost every industry—public and private. We are often called upon by government agencies to provide program advisory services related to public-private partnerships (PPP) including financial and economic feasibility, procurement and other related services. As project funding decreases, public-sector clients are partnering with Jacobs to identify and implement PPP programs tailored to meet their project delivery and financing challenges.

For more information, please contact **Katie Nees** at (214) 801-8822 or **Rick Gobeille** at (212) 944-2000 ext. 6202.

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Herzog Contracting/Herzog Transit Services Inc. – Design-build for highway / heavy construction and railroad mass transit. North America's largest rail and commuter rail construction and maintenance contractor, provides rail mass transit operations and dispatching in North America and railroad expertise worldwide, delivering state-of-the-art technology for Hi Speed Rail Flaw Detection and railcar and railroad equipment leasing, ballast distribution, rail re-laying and railcar unloading. Also, development and operation of municipal and industrial solid waste facilities.

■ At (816) 233-9001, fax (816) 233-9881, or 600 S. Riverside Rd., P.O. Box 1089, St. Joseph, MO 64507-1089, please contact:
Joe Kneib, VP Market Development – joekneib@herzogcompanies.com;
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HOCHTIEF is one of the leading international providers of construction-related services. With more than 52,000 employees and a sales volume of EUR 16.45 billion in FY 2007, the company is represented in all the world's major markets. The Group's service offering in the fields of development, construction, services, concessions and operation covers the entire life cycle of infrastructure projects, real estate and facilities. Flatiron, with a sales volume of $752 million in 2007, is one of the leading providers of transportation construction and civil engineering in North America. Its core competencies include major bridge, highway, and rail projects. In Canada, Flatiron also operates as a contractor in public-private partnership projects. Founded in 1947, the firm is a subsidiary of HOCHTIEF.

For additional information, please contact **Matt Girard** 720-494-8110 or visit us on the Web at www.flatironcorp.com.

Egis Projects has unrivalled experience in most types of infrastructure PPP and concessions: motorways, bridges, tunnels, urban infrastructures, and, more recently, airports. We are experienced with all types of remuneration (real toll, shadow toll or availability schemes). Egis Projects relies on the specialized skills of its shareholders: Groupe Egis, a leader in infrastructure engineering, and Caisse des Dépôts, a AAA financial institution. Egis Projects acts as promoter, developer and investor in concession/PPP projects, as turnkey equipment integrator, as operator and manager of airports, and, via its wholly owned subsidiary Egis Road Operation, as operator of roads and motorways. Egis Projects has also extended its activities to electronic toll collection, toll network interoperability, and safety enforcement, as well as associated services for road users under the Easytrip brand.

Egis Projects has financially closed 20 infrastructure projects for a total value of Euro 10 bn. Egis Road Operation is operating 20 motorways totalling 1,550 km in 14 countries.

Contact: **Alain Poliakoff** in Paris, France at (33) 1 30 48 48 09, fax (33) 1 30 48 48 91 or alain.poliakoff@egis.fr or visit www.egis-projects.com

For nearly a century, **HNTB** has helped create infrastructure that best meets the unique demands of its environment and exceeds client expectations. With client relationships spanning decades, we understand infrastructure life cycles and have the perspective to solve technical challenges with clarity and imagination. Using a highly collaborative approach, we see and help address far-reaching issues of financing, legislation, design, construction, community outreach and ongoing operations. As employee-owners committed to the highest levels of performance, we enable clients to achieve their goals and inspiring visions.

Contact **Keith Rosbury** at (972) 661-5614 or visit hntb.com.

Leaders and award-winners in design/build and privatization projects, **Granite Construction** with its joint venture partners has completed nearly $6 billion worth of design/build work, and has another $2 billion underway. Our highly successful design/build projects include the award-winning US 60 Superstition Freeway in Tempe, AZ, the US 90 bridge in Bay St. Louis, MS, and the Hiawatha Light Rail project in Minneapolis.

Granite, established in 1922, is a pioneer and strong advocate of partnering, for which we have received numerous awards. The company employs about 5,000 people and reported 2008 revenues of nearly $2.7 billion. Our large-project regional/estimating offices are in Watsonville, CA; Dallas; Tampa and New York. Other estimating offices are located in over 20 offices in six western states.

Contact **Yale Lyman** at (831) 728-7540, fax (831) 728-7578 or at P.O. Box 50085, Watsonville, CA 95077. Our website is www.graniteconstruction.com

Global Via Infrastructure is a major transportation infrastructure promoter, developer and operator with more than 41 projects world-wide. Consistently ranked one of the top five companies in the public-private partnership market,

Global Via has the financial capability to accelerate delivery of projects, as well as the construction and operational expertise to meet the highest standards for the life of a project. We take pride in working with local contractors, employing area businesses and individuals during operation and incorporating community feedback to deliver the best possible public service. For more information, contact **Fernando del Campo,** at 011 (34) 91 456 58 73 (fcampo@globalvia.com) or **Tony Garrastazu** at 305-789-6754 (agarrastazu@globalvia.com)

PUBLIC-PRIVATE SERVICES DIRECTORY

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Elias Group LLP provides legal and consulting services to government and industry. We are a boutique law firm internationally recognized for our expertise in project finance, public/private partnerships, industrial outsourcing, joint ventures and strategic alliances, and M&A of regulated and non-regulated entities. The firm's unique accomplishments include the first 20-year concession agreement executed in the U.S. for the rehabilitation and operation of a municipal wastewater treatment facility. Our skills and practical experience are evident in the multitude of transactions successfully completed.

Contact: **Dan Elias** or **Michael Siegel** at 411 Theodore Fremd Avenue, Rye, NY 10580; tel: (914) 925-0000; fax: (914) 925-9344; or visit our web site: www.eliasgroup.com

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American Water is the solutions provider in more than 1,600 communities, serving the water and wastewater needs of approximately 16 million people. We are committed to public-private partnerships built on a foundation of trust. Solutions for municipalities can take many forms – from operations to customer service and billing, as well as complete design/build/operate projects. Harness the power of the largest publicly traded U.S. water and wastewater services company and take advantage of our resources, experience and expertise. Visit www.amwater.com/ppp or call **Bill Patterson** at (856) 346-8200 to learn more.

Cintra plays a leading role in transport infrastructure development throughout the world, managing over US $21bn of investment and 1,800 miles of toll roads in seven different countries. Dating back 40 years, Cintra operates 23 toll roads in Canada, Chile, Greece, Ireland, Spain, Portugal and the US, including the 407 ETR, Chicago Skyway and Indiana Toll Road. Cintra was recently selected for two projects in Dallas and one in Poland. Cintra and Ferrovial offer a unique integrated capacity to finance, design, build and osperate the transport infrastructure you are looking for. Contact: **Carlos Ugarte** (cugarte@cintra.us.com) **Cesar Souza** (csouza@cintra.us.com) on (512) 371-4888. More information: www.cintra.es

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